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# FINANCIAL TIMES

Wednesday April 22 1992 | EUROPE'S BUSINESS NEWSPAPER | D 8523A

## Sarajevo shelling pushes Bosnia nearer civil war

Sarajevo, capital of Bosnia-Hercegovina, was pounded by artillery and mortar fire as a Serbian assault pushed the newly independent republic closer to all-out civil war. Page 18

**Thatcher divides Tories:** Rank-and-file British Conservatives are angry at former premier Margaret Thatcher over a Newsweek interview in which she appears critical of her successor, prime minister John Major. Page 18

**O&Y cash crisis:** Olympia & York, the world's largest property developer, will run out of cash at the beginning of May, according to information the group has supplied to its bankers. Page 19.

**Italy still waiting:** Italy's political parties have made virtually no progress towards forming a government although the 11th post-war parliament is due to open tomorrow. Page 18

**Row over Japan's ban on Italian wine:**

A shopper in a Tokyo supermarket is confronted by news of a sales ban on 27 types of Italian wine imposed for health reasons. The Japanese ministry of health and welfare says it must act cautiously to protect consumers but importers believe that Tokyo is over-reacting to a problem which is limited to a few rogue producers. Italian trade officials say it is wrong to penalise thousands of wineries. Page 6

**Citicorp doubles profits:** Citicorp, largest banking group in the US, underscored the battered sector's gradual return to financial health when it reported doubled first quarter profits. It expects to regain normal earnings capacity by the year-end. Page 19; Bank results, Page 22

**Lufthansa accuses US:** Lufthansa chief executive Jürgen Weber accused the US government of blocking attempts to allow it and other European carriers more access to US destinations. Page 6

**Unisys surprises:** Unisys, the long-struggling US computer manufacturer, reported much better-than-expected first-quarter earnings, boosting hopes for a successful turnround after years of heavy losses. Page 22

**Hyundai founder's son held:** Seoul prosecutors arrested a son of the founder of Hyundai as the South Korean government continued its feud with the country's second largest conglomerate. Page 4

**Mubarak meets Gadaffi:** President Hosni Muburak of Egypt emerged from talks in a tent near the Libyan-Egyptian border with Colonel Muammer Gadaffi and said there was a "ray of hope" for an end to the crisis between Libya and the west. Page 4

**Time Warner boost:** Time Warner, the US media and entertainment group, reported that first-quarter revenues rose across all five of its divisions, helping turn last year's $50m quarterly loss into a net profit of $8m. Page 21

**French docks blockade:** French dockers started blockading the ports of Marseille and Bordeaux in preparation for a call to stop work from today over a reform in work practices, union sources said. Bordeaux dockers threaten to occupy port facilities around the clock for five days.

**Thai investors worry:** Share prices fell sharply on the Stock Exchange of Thailand as investors expressed concern about the stability of the new government Page 4

**Fiat offshoot's Russian deal:** Iveco, the commercial vehicles subsidiary of Italy's Fiat group, has reached a co-operation agreement with Russia's Uralaz trucks producer to make heavy-duty vehicles for use in Arctic conditions. Page 6

**King to return:** Romania said former King Michael, dethroned and banished by the communists 45 years ago, could come home from exile in Switzerland as an ordinary citizen for next weekend's Orthodox Easter.

**Technology accord:** International Business Machines, the US computer group, and Thomson-CSF, the French state-controlled defence electronics group, announced a technology and marketing accord for a new generation of chips. Page 20

**Blood donors by order:** Beijing residents will be obliged to give blood from July as part of China's plans to make blood donations mandatory for everyone. The law will eventually be extended throughout the country.

### The Markets

**STOCK INDICES**

| | | |
|---|---|---|
| FT-SE 100: | 2,625.5 | (−12.6) |
| Yield | 4.53 | |
| FT-SE Eurotrack 100 | 1,168.73 | (−3.10) |
| FT-A All Share | 1,284.48 | (−0.3%) |
| FT-A World Index | 135.75 | (-0.2%) |
| Nikkei | 18,787.33 | (−284.03) |
| New York: | | |
| Dow Jones Ind Ave | 3,343.25 | (+6.94) |
| S&P Composite | 410.25 | (+0.1) |

**US CLOSING RATES**

| | | |
|---|---|---|
| Federal Funds: | 3¾% | (3$\frac{11}{16}$%) |
| 3-mo Treas Bills: Yld | 3.785% | (3.76%) |
| Long Bond | 98% | (98$\frac{3}{32}$) |
| Yield | 8.027% | (8.02%) |

**LONDON MONEY**

| | | |
|---|---|---|
| 3-mo Interbank | 10¾% | (10$\frac{3}{8}$%) |
| Liffe long gilt future: | Jun 98% | (Jun 98¼) |

**NORTH SEA OIL (Argus)**

| | | |
|---|---|---|
| Brent 15-day (Jun) | $18.925 | (0.075) |

**Gold**

| | | |
|---|---|---|
| New York Comex (Apr) | $341.1 | (338.9) |
| London | $338.5 | (336.85) |

**STERLING**

| | | |
|---|---|---|
| New York: | | |
| $ | 1.75035 | (1.749) |
| London: | | |
| $ | 1.748 | (1.7475) |
| DM | 2.9175 | (2.91) |
| FFr | 9.8575 | (9.8425) |
| SFr | 2.705 | (2.6975) |
| Y | 234.5 | (233) |
| £ Index | 91.7 | (91.6) |

**DOLLAR**

| | | |
|---|---|---|
| New York: | | |
| DM | 1.66695 | (1.666) |
| FFr | 5.639 | (5.63) |
| SFr | 1.545 | (1.539) |
| Y | 134.235 | (134.305) |
| London: | | |
| DM | 1.669 | (1.665) |
| FFr | 5.64 | (5.6325) |
| SFr | 1.5475 | (1.5435) |
| Y | 134.2 | (133.4) |
| $ Index | 65.1 | (same) |

Tokyo close Y 134.47

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| Austria | Sch30 | Hungary | Ft182 | Malta | Lm0.50 | S.Arabia | SR9.00 |
| Bahrain | Din1.000 | Iceland | IKr180 | Morocco | MDh11 | Singapore | S$4.10 |
| Belgium | BFr60 | India | Rs20 | Neth | Fl 3.50 | Spain | Pta200 |
| Cyprus | C£1.00 | Indonesia | Rp3800 | Nigeria | Naira20 | Sweden | SKr14 |
| Czech | Kcs35 | Israel | Shk5.50 | Norway | NKr15.00 | Switz | SFr3.00 |
| Denmark | DKr14 | Italy | L2500 | Oman | OR1.20 | Thailand | Bht50 |
| Egypt | E£4.00 | Jordan | JD1.20 | Pakistan | Rs35 | Tunisia | Din1.000 |
| Finland | FM10 | Korea | Won 2500 | Philippines | Pso45 | Turkey | L6000 |
| France | FFr8.00 | Kuwait | Fils.500 | Poland | Zl 16,000 | UAE | Dh8.00 |
| Germany | DM3.30 | Lebanon | L£1,250 | Portugal | Es190 | | |
| Greece | Dr250 | Lux | LFr60 | Qatar | QR10.00 | | |

# Split among Afghan rebels threatens transfer of power

**By David Housego in Kabul**

THE REMAINS of Afghanistan's government is ready to hand over to mujahideen guerrilla forces but the rebel groups remain divided about how to share power.

Acting president Abdul Rahim Hatif told a news conference yesterday that the government was ready to transfer power, but that "the problem is that the mujahideen must unite together and form a government to be transferred to".

A northern-based coalition of mujahideen forces under Ahmad Shah Masood, the Jamiat-i-Islami leader who is a minority Tajik, has continued to extend its sway over much of Afghanistan. His forces are based some 75 km north of Kabul.

But Gulbuddin Hekmatyar, who heads the rival Hezb-i-Islami group and is a member of the Pathan majority, has threatened to attack the capital if the government does not capitulate by April 26. His forces are to the south of Kabul.

The government has lost control of all main provincial cities except Jalalabad in the east, where the mujahideen are negotiating with local commanders.

Masood has said he will not attack Kabul while peace talks continue with the government. Guerrillas loyal to him are alongside government troops south of Kabul to block the advance of Hekmatyar, his bitter enemy.

Mr Benon Sevan, the United Nations special envoy who has been seeking a peaceful transfer of power, had intended to try to meet Masood yesterday for the first time. But torrential rain made travel dangerous and it was not known if they had met.

**"Mujahideen forces are here to combine with the army to bring peace to Afghanistan. We are not here to fight." – Nassir Mohammed, guerrilla fighter. Page 4**

Masood's coalition seemed in an increasingly strong position to impose the type of radical mujahideen government that has been resisted by Mr Sevan and western governments.

Masood is a dedicated Islamic revolutionary, but more flexible and ready to compromise than was Ayatollah Khomeini in Iran. He is in close contact with Iran and is supported by the leadership in Tehran. His growing domination over the mujahideen movement is a blow to Pakistan and to Saudi Arabia which long backed Hekmatyar.

Feeling in Kabul fluctuated between hopes of a peaceful transition and fears of a fresh civil war between the non-Pathan forces (including Tajiks, Uzbeks, Shiites, and Ismaeilis) and the Pathans who have historically dominated the country. "The days of Pathan domination of the country are over," said one observer.

The threat of a shift in the ethnic balance of power in the country could provoke a backlash from Pathan-dominated guerilla groups such as Hekmatyar's Hezb-i-Islami.

But the Hezb, who control no main town, seemed to lack the strength to punch their way through the cordon which Masood's forces have established around Kabul.

Reporters who have visited Masood at Jabal Saraj, about 35 miles north of Kabul, said he could enter the capital in two hours if he wanted to. But they saw no sign that he was preparing an offensive.

He seemed content to allow the military-backed regime that took over from ousted President Najibullah to hold the city, although it no longer held substantive power.

Until the transfer of power to a new government has been negotiated, Masood fears that his entry into the capital could antagonise rival Pathan groups and provoke a bloodbath.

There was no further word on whether President Najibullah would be allowed to leave for India. He attempted to leave the country last week after being driven from power by his generals and ministers, but was turned back by troops at Kabul airport and has since been in hiding in a UN office.

# Yeltsin presses Congress for wider powers

**By John Lloyd in Moscow**

RUSSIAN president Boris Yeltsin closed the Congress of People's Deputies yesterday with a frontal attack on the majority of deputies who had threatened to sink his reform programme, and who have deprived him of a constitution guaranteeing a strong presidency.

Warning of a "constitutional crisis" in the country, Mr Yeltsin, in a powerful and aggressive closing speech to the country's supreme lawmaking body, said that "the time of puppet governments is passed".

Although the reform process was salvaged through a messy compromise, drafts of a new constitution – including one which would have given Mr Yeltsin sweeping powers to appoint governments – were not discussed.

Earlier yesterday, in an effort to compensate for the lack of a new constitution, he had presented a draft bill to the parliament calling for powers to appoint and dismiss the prime minister, who would then appoint other ministers. According to the draft, he could overrule demands to sack the prime minister by keeping him in power for a year, or by replacing him himself.

"The Russian government is an organ of executive power accountable to the president," the draft said. "If the Supreme Soviet does not approve the candidature for head of government, the president has the right to appoint within a month an acting head of government for up to one year or directly be in charge of the work of the government," it said.

Russian president Boris Yeltsin looks on as Sergei Filatov (left), deputy chairman of the Supreme Soviet, consults parliamentary speaker Ruslan Khasbulatov

Under a formula agreed last week, Mr Yeltsin had to bring forward a bill on the reorganisation of the government within three months, and to appoint a new prime minister to a cabinet which he himself currently heads – although the present government would keep office until December. However, the draft bill was not discussed yesterday, and now passes to the smaller parlia-

Continued on Page 18

# Five white MPs join ANC in liberation struggle

**By Patti Waldmeir in Johannesburg**

THE African National Congress yesterday gained a voice in South Africa's segregated parliament for the first time, as five white MPs joined the organisation.

The five, who had been elected as members of the liberal opposition Democratic party, said they would stay in parliament as independents representing the ANC.

The Democratic party, which suspended four of the five men last week, yesterday said it would expel them.

The move illustrates the realignment in white politics taking place since last month's white referendum, in which the ruling National party gained an overwhelming mandate to abolish apartheid.

With the first multi-racial elections expected to take place by next year, white politicians are beginning to woo non-white voters. The National party is seeking a coalition of whites, mixed-race "coloureds", Indians and moderate blacks. The ANC, which receives most of its support from the black community, also wants to broaden its power base.

Yesterday the ANC, which for decades has condemned the whites-only House of Assembly as racist, said it was delighted at the move. The five men – Mr Pierre Cronje, Mr Dave Dalling, Mr Jan van Eck, Mr Jannie Momberg and Mr Rob Haswell – cannot officially sit as ANC MPs because the ANC is not registered as a political party. But they will represent its interests in the legislature.

The men said they would try to improve the image of the organisation in the white community, where it has very few supporters.

They were obviously emotionally moved by their decision to become members of the multi-racial ANC, after years of informal contacts with the organisation inside and outside the country.

Mr Momberg, who previously spent 30 years within the ruling National party, spoke of a desire to right the wrongs of apartheid for which he accepted partial blame.

The five said in a statement: "We join the ANC to work towards the full liberation of all South Africans . . . to work for democracy in practice." They ended their address with the words of the anti-apartheid anthem, Nkosi sikelel' iAfrika, (God bless Africa).

Sitting at a table flanked by senior ANC leaders, they quickly adopted the rhetoric of liberation, referring to their new colleagues as "comrade".

The five men are likely to have little influence in parliament, where the National party has an overwhelming majority.

But their defection will damage the Democratic party, which now has 28 seats.

The party – which together with its liberal predecessors has long fought apartheid – has lost most of its traditional liberal voters to the National Party under its leader, Mr F W de Klerk.

It is split between those who wish to merge with the ANC, those who would form a new centrist party with the National party, and those – including Mr Zach de Beer, the Democratic party leader – who want to remain an independent liberal voice.

Under the electoral system now being negotiated for post-apartheid South Africa, which would impose a threshold of 5 per cent of the national vote for entry to parliament, such a party would probably fail to gain representation.

# Supreme Court intervention clears California execution

**By George Graham in Washington**

CALIFORNIA conducted its first execution for 25 years yesterday, sparking off a new debate over the use of the death penalty in the US.

Mr Robert Alton Harris was put to death in front of 49 witnesses in the gas chamber at San Quentin prison after a series of reversals in which a federal appeals court four times stayed his execution, and was four times overruled by the Supreme Court in Washington.

The Supreme Court overturned the fourth and final stay, which was issued after Mr Harris had been strapped in the gas chamber, and ordered the lower courts not to file any more stays without the high court's permission.

After the Supreme Court's ruling, he was hastily returned to the chamber for the last time, looking sombre but winking at one guard. Mr Harris was executed for murdering two teenagers in 1978.

Advocates and opponents of the death penalty have focused on California as an indicator of the spread of capital punishment.

The state not only has the second largest number of convicted prisoners facing death – 328 after Mr Harris's execution – but has been the scene of a vigorous public debate, as conservative politicians attacked the liberal state judges appointed by Mr Jerry Brown, now a contender for the Democratic presidential nomination, when he was governor in the late 1970s.

Executions have been legal in the US since 1976, when the Supreme Court reauthorised the death penalty after a brief interlude in which its use was considered unconstitutional. Opinion polls show that popular support for the death penalty as a punishment for murder has almost doubled since the mid-1960s, when it fell to around 40 per cent.

Nine executions in 10 have taken place in the southern states. Black prisoners have received a disproportionate number of death sentences.

Although the death penalty has been brandished by politicians as a weapon against rising crime, it is rarely carried out.

Only 169 executions have been carried out since 1976. At the current rate, 15 times this number of new prisoners arrive on "death row" each year.

The Bush administration last year tried to pass legislation which made it easier to carry out a death sentence by weakening the *habeas corpus* protections which enable prisoners to delay execution with seemingly endless appeals.

The Democratic-controlled Congress responded by proposing to extend the death penalty to 50 federal crimes – a largely irrelevant gesture covering offences like the murder of a federal egg inspector. However the extension was also intended to curb the indiscriminate sale of guns, especially semi-automatic weapons.

President George Bush then threatened to veto the entire bill, partly because he claimed it would tie the hands of policemen and prosecutors by further extending *habeas corpus* protection, but also partly because of his opposition to gun controls.

The resulting stalemate has blocked any federal crime legislation, leaving states to press ahead with their own solutions.

## CONTENTS

# OECD sees hope of rising steel demand

By William Dawkins in Paris

AVERAGE demand for steel in the industrialised world should pick up slightly this year, according to the Organisation for Economic Co-operation and Development (OECD), offering a glimmer of hope for the recession-hit industry

The OECD's latest steel market review says prices have stabilised since the turn of the year and might rise in the second half. This follows a year in which demand and output fell abruptly, causing heavy losses and job reductions for many of the leading suppliers.

The OECD forecasts a 0.5 per cent rise in steel demand, after the more than 5 per cent drop recorded last year, so bringing steel consumption in 1992 to 4.5 per cent below the level in 1990. Output should stagnate this year, after falling by 4 per cent in 1991, says the OECD.

The US steel industry can expect an upturn in demand on the strength of a rise in housing starts and the beginnings of a recovery in car production. However, prices are expected to remain soft.

It does not expect a real increase in steel demand in the EC, on the grounds that it is heading for only a slight economic recovery this year, with no significant rise in industrial investment or consumption. Steel users are expected to rebuild depleted stocks in anticipation of a stronger recovery, which should at least stabilise the market and help end the price fall.

For Japan, the outlook is bleak. Consumption fell 2.5 per cent in 1991 and the general weakening of the economy should produce a "considerable" decline in steel demand in the first half of this year, in all sectors except shipbuilding. This, plus the effect of de-stocking, led to a 13.5 per cent fall in output in the first quarter; output is expected to fall another 16.8 per cent in the second, says the report.

A tourist is photographed by an Italian soldier on Monday while standing on hardened lava from the eruption of Mount Etna in Sicily. A small group of tourists who evaded police and climbed the mountain yesterday forced Italian and US marines to postpone an attempt to block the flow of lava, Reuter reports from Mount Etna.

The group had come too close to the source of the lava to allow explosives to be detonated, the US military said.

Later, however, a military operation succeeded in slowing the flow by dropping concrete blocks into an opening of an underground river of lava.

Etna, which has been erupting since December, is producing enough lava to fill an average bedroom each second.

## NEWS IN BRIEF

### French industrial output down by 0.9%

FRENCH industrial production fell by 0.9 per cent from January to February, a surprise to most analysts, who were expecting a small rise, William Dawkins writes from Paris.

The fall is partly due to warmer than expected weather, which caused a sharp decline in energy use, said Insee, the state statistics body. The result brings the Insee industrial production index to 113.5, or 0.26 per cent above February last year.

Food production also fell, while manufacturing output rose by 0.6 per cent in February.

### High-speed train running in Spain

Spain's new multi-million dollar high-speed train, the AVE, completed its first regular run yesterday between the capital and Seville in just under three hours, cutting four hours off the conventional train journey, AP reports from Madrid.

The AVE, which traveled at an average speed of 250km an hour, is the third high-speed train in Europe after the French TGV and the German Inter-City.

### Prague securities trading move

The Czechoslovakian federal parliament yesterday passed legislation paving the way for securities trading in 1993, the CSTK news agency said, AP reports from Prague.

The bill calls for the creation of two regional stock markets – one in Prague, the Czech and federal capital, and one in the Slovak capital of Bratislava.

### Sentences in French fraud case

Dozens of people, including some of France's biggest property developers, were sentenced yesterday to fines and jail in a multi-million-dollar fraud scandal, Reuter reports from Paris.

The three-month trial focused on invoices for non-existent construction work or duplications for work already paid.

# Spare an Ecu for Europe's poor

## Despite disagreement over how to define poverty, 15% of the EC's population are living in it, and Delors wants it higher on the agenda. Alan Pike reports

THE EUROPEAN Community's leading anti-poverty programme has a budget of Ecu55m ($68.2m), about one Ecu for each of the 50m-plus deprived people estimated to be living in EC countries.

The EC's Poverty 3 programme is consuming its Ecu55m over five years, reducing annual expenditure to around one-fifth of an Ecu per poor person. This is, European Commission officials admit, a pitifully poor sum to be devoting to one of the most challenging social issues of the day.

Both in the commission and among anti-poverty organisations, however, a wish is growing for the EC to become more involved in promoting measures to support Europe's disadvantaged citizens.

Mr Jacques Delors, commission president, intends to produce a document on poverty and social exclusion aimed, first, at increasing political and public awareness of the issues and eventually establishing a charter of rights.

Mr Delors admitted at a conference in Brussels this month that the fight against poverty is an area where the EC has little to boast about. National governments still took the view that "each parish has its poor people" and did not want the next parish, much less the commission, involved.

But he voiced a willingness to use the commission's influence to help lift issues of social exclusion and disadvantage to a higher point on Europe's political agenda. Poverty was a cumulative process, said Mr Delors, and "if it takes place against a backdrop of indifference in society, at some stage the problem will become intractable."

Definitions of poverty are themselves the subject of frequent disagreement. Current EC estimates that some 50m of its population – 15 per cent of the total – live in poverty are based on a calculation of the number of people receiving less than half the average income in the country where they live.

Some politicians would argue with this definition but Mr Wim Van Velzen, president of the European Parliament's social affairs committee, says that on the same basis 30m people were in poverty in 1978. In spite of economic growth and aid to less developed regions, the proportion of poor people in Europe has grown each year.

This arises largely from the consequences of industrial restructuring and long-term unemployment, factors which have also helped change the nature of "typical" west European poverty. Once traditionally associated with such groups as the elderly, it is now far more likely to afflict younger, unemployed families and single parents.

The concept of what is meant by poverty is also changing – the phrase "social exclusion" is increasingly used to indicate that poor people lack not only money but access to a range of other services and opportunities.

Notions of poverty being about more than shortage of money have gained strength since the mid-1980s when Faith in the City, the Church of England's influential report on urban areas, described it as being about "how people are treated and how they regard themselves; about powerlessness, exclusion and loss of dignity".

Some welfare campaigners are concerned that if this view is carried too far, however, the link with lack of money may be lost to such an extent that poor individuals are seen by others as being responsible for their own plight.

"It is right to talk about exclusion but poverty is still about money," says Mr Quintin Oliver, president of the European Anti-Poverty Network which co-ordinates the work of the voluntary sector. "It is caused by lack of money, and money helps solve many of the problems."

In late 1990 the EC set up a support group of independent specialists to examine the prospects for developing a European strategy to fight poverty and social exclusion.

The group has concluded that the EC has a substantial and potentially useful part to play "despite its meagre resources for direct action". Although local projects funded by the EC were unlikely to add up to an effective policy for fighting poverty, they should continue as a means of supporting innovative approaches and exchanging information.

The group recommends that the commission produce an annual report on human development in the EC, enabling the social consequences of development to be measured alongside economic ones.

Rising EC interest in the problems of poverty and social exclusion reflects fear about the consequences of leaving a large section of Europe's population outside the mainstream, particularly when extreme-right political parties have been gaining ground in some EC countries.

Time may be short. The support group's report warns of a "veritable explosion" for society, with parts of large towns tending to become urban ghettos for marginalised people where "moonlighting, fraud, delinquency, prostitution and drug-trafficking seem infinitely more remunerative than all the benefits that could possibly be paid out by the welfare system."

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# Leading a German crusade on strategic alliances

## The Cartel Office president has jolted the establishment with his attack on Allianz-Dresdner links, writes Leslie Colitt

MR Wolfgang Kartte, the outgoing president of the German Cartel Office, is deeply suspicious of the growing trend towards strategic alliances among international companies.

"Competition is restricted when there is no access for third parties," he says.

Mr Kartte, who is due to retire next June, has a strong personality and has made his mark in the Cartel Office. He recently jolted the German insurance and banking establishments by taking on one of the most powerful financial alliances in Germany.

The Cartel Office decided earlier this month that Allianz, Europe's largest insurance company, will have to reduce its stake in Dresdner Bank, Germany's second biggest bank.

He says the decision to take on the Allianz-Dresdner links was "well received" in the insurance world, to which an aide adds that Dresdner Bank was also pleased.

If so, Mr Wolfgang Röller, Dresdner's chief executive, is not showing it. It was Mr Röller who agreed with Allianz that the two would not poach on each other's territory, a cosy arrangement the Cartel Office now seeks to undo.

> 'Competition is restricted when there is no access for third parties,' says Wolfgang Kartte

If Allianz does not voluntarily drop its direct stake in Dresdner Bank from 22.3 per cent to the 19.1 per cent it held before June of last year – and it is most unlikely to comply – the case will go to court, where it could take more than five years to be decided.

Mr Kartte stresses that, although Allianz's additional 3.2 per cent share in Dresdner appears negligible, it is enough to "effectively control" the bank with the help of an intricate web of crossholdings.

But it is Allianz's ability to prevent Dresdner from entering the insurance business which lay at the heart of the Cartel Office's case, he argues, since the result is economically undesirable restricted competition.

"In a strategic alliance one or both of the partners want to assure that the other cannot have an affair with a stranger. But we cartel officials are more for free love," he quips.

The probe into the Allianz stake in Dresdner was made possible because of an amendment to federal cartel law two years ago, which allowed the Cartel Office to launch an investigation even when a company holds less than 25 per cent in another one – provided, however, that it results in "substantially" reduced competition.

By far the most important decision in Mr Kartte's 16-year presidency – prior to the move against Allianz – was the Cartel Office order in 1989 prohibiting Daimler-Benz from taking a majority stake in the MBB aerospace and defence company.

The Cartel Office argued that the merger would lead to a market-dominating position for Daimler-Benz and MBB in German defence production. However, the ruling was overturned by Mr Helmut Haussmann, then economics minister, whose decision was final.

Mr Kartte says that it was a "political decision" which he accepted, warning that with it Bonn assumed a "moral responsibility" for the merger.

The active Mr Kartte keeps a watchful eye on "interrelationships" within the world's leading car manufacturers.

No investigation of carmakers is planned for the foreseeable future, Mr Kartte admits, but the Cartel Office has to be "prepared" if the opportunity arises.

The preparations will, no doubt, take into account the lessons learnt by the office during its price collusion case against the international oil companies in the 1970s, which collapsed because most of the evidence was beyond the reach of the Berlin cartel busters.

Only last year he was rebuffed by the European Commission for trying to prevent Volkswagen from joining Ford in a "strategic alliance" to produce vehicles in Portugal.

The EC's approach to large mergers and alliances has made his job even more difficult than when he took office in 1976. Undeterred, however, Mr Kartte has proclaimed "strategic alliances as a challenge to cartel law" as the theme of the international conference on cartels, which he will host next month in Berlin.

Wolfgang Kartte: made his mark in the cartel office

Although a member of Chancellor Helmut Kohl's Christian Democratic party, the outspoken Mr Kartte makes no bones about his misgivings about Bonn's economic policy towards depressed east Germany.

He is particularly concerned that the DM180bn ($109.7bn) in transfers to the east this year will go mainly into consumption, although he pointedly adds that "politically" it was the only thing that could be done.

Similarly, he agrees that while the rescue of east Germany's shipbuilding and chemicals industries made no sense in purely economic terms, "you cannot give them up without losing the next election".

Mr Kartte's successor, to be named by Mr Jürgen Möllemann, the economics minister, is expected to be Ms Karin Pieper, the low-profile head of the legal department of WDR, West German TV & Radio in Cologne.

Meanwhile, the restless cartel chief is utilising his remaining months in office to act as a part-time adviser to the Russian parliament.

Commuting to Moscow every few weeks, he is helping the Russians draw up company law while acting as a self-styled "catalyst" between the Russians and his wide contacts in German industry.

# Poland keeps grip on budget spending

By Christopher Bobinski in Warsaw

POLAND'S new government is keeping a tight grip on budget spending as first quarter inflation is running at lower-than-expected levels.

Figures from the Central Statistical Office show the deficit reached Zl 10,450bn ($759m) at the end of March, Zl 7,500bn less than the ceiling fixed by parliament for the first quarter. The budget deficit is one of the key indicators the International Monetary Fund will be considering in forthcoming talks with the Poles; it is insisting that the figure not exceed Zl 65,500bn for the year.

The talks are aimed at agreeing new performance criteria and should lead to the release of new tranches of a $1.6bn extended facility suspended when the previous government allowed the deficit to exceed agreed targets.

The lower-than-expected deficit comes despite a 10 per cent shortfall in first quarter revenues and was achieved thanks to a sharp 17 per cent cut in planned spending. This policy of cutting spending will come under strain in coming months as state sector industrial profits, which are the main source of revenues, continue to weaken despite a growth in sales in march.

Consumer prices in the first quarter rose by 12.7 per cent compared to the last three months of 1991, or a couple of percentage points below expectation. The results also show a sharp 17 per cent rise in industrial sales in March compared to February when sales had already begun to show signs of improvement. March saw unemployment decline for the first time since free market reforms were introduced in 1990. It fell 25,000 to 2.2m. However, this probably reflects changes in rules on benefit entitlement.

Figures for foreign trade are unavailable but the rise in industrial sales could reflect a growth in exports as a recent 12 per cent devaluation of the zloty begins to work through.

# Russia leads world in road-death figures

RUSSIA, a late-starter in the age of the car, has roared to a leading place in the world's statistics for road deaths, Reuters reports from Moscow.

Authorities said yesterday that Russia's traffic carnage matches its size as the world's biggest country.

Sixteen out of every 100 people injured in car crashes die, Mr Vladimir Fyodorov, head of the Interior Ministry Traffic Police Department, told a news conference.

The figure is several times higher than the 2 to 7 per cent average for the rest of the world.

But Mr Fyodorov said a lower proportion of Russians were injured in non-fatal car accidents.

"Accident reports in the west usually show large numbers of crashes with very few people killed. With us, it's the other way round," he said. "We are falling far behind the civilised world in traffic security."

Traffic police analysis shows that 0.14 per cent of the Russian population were injured in car crashes last year. Comparative figures for west European countries show a higher 0.5 per cent. But 0.025 per cent of Russians are killed in the accidents, compared with only 0.016 in western Europe.

Mr Fyodorov blamed the extremely high death rate on poor road conditions, an inadequate ambulance service and lack of modern communications.

"We sometimes get news of a traffic accident from passing drivers hours after it happened," he said.

# Ukraine's budget sets tight deficit target

By Chrystia Freeland in Kiev

THE Ukrainian government yesterday unveiled a budget with an ambitious deficit target of just 2 per cent of gross national product this year in an attempt to meet stringent International Monetary Fund requirements.

Mr Hryhori Piatachenko, the republic's finance minister, is trying to bring Ukraine's rising deficit under control by slashing social welfare spending and subsidies to enterprises and by raising taxes. The budget deficit overran its target by five times last year.

The sight of victims of the Chernobyl nuclear disaster demonstrating outside the parliament against a cut in the generous government aid to which they are entitled showed the IMF medicine will be a bitter pill for the Ukrainian public. But government officials were confident parliament would approve the budget this week.

It calls for spending of Rbs458.4bn and revenue of Rbs441.3bn. Subsidies to state enterprises account for 25 per cent of expenditure. The army, numbering more than half a million and of growing political importance as tensions between Ukraine and Russia increase, is the next biggest cost, accounting for nearly 16 per cent of the budget. Social welfare takes 14.5 per cent, with an additional 10 per cent earmarked for cleaning up the effects of Chernobyl and compensating its victims.

Value added tax will provide 52 per cent of the money raised by the state this year. A tax on enterprise revenues, which the Finance Ministry hopes to raise from its current level of 18 to 24 per cent, is to account for an extra 25.6 per cent of government revenue.

The main criticism in parliament yesterday was that the budget was still too lenient with state enterprises. Mr Boris Markov, deputy chairman of the national bank, said: "This is the best budget we have yet produced, but it is still necessary to create more powerful stimuli to develop a market economy." He supported a proposal from parliament's budget commission to keep taxes down by reducing subsidies to state enterprises. "The money should be left with the population. . . . The people can decide for themselves what to buy."

Ukrainian officials hope the budget will receive "high marks" from the IMF.

Ukraine must now obtain the Fund's approval for the republic's economic reform plan, which officials hope to achieve when a high-level IMF team comes to Kiev later this month.

● Spain is to grant Ukraine a $250m credit line to encourage trade between the two countries, Mr Francisco Fernández Ordóñez, the foreign minister, said yesterday, Reuter reports from Madrid. He was speaking at Madrid airport en route to Russia and Ukraine for an official visit.

## CONFUSION OVER RETURN OF NUCLEAR ARMS TO RUSSIA

A LEADING Ukrainian parliamentarian yesterday insisted that his republic would not resume shipping its tactical nuclear weapons to Russia, even though Ukraine's foreign minister said last week that it would, writes John Lloyd in Moscow and Chrystia Freeland in Kiev.

A Russian foreign office spokesman confirmed that no missiles had been transferred since the announcement last week by Mr Anatoly Zlenko that the weapons would be returned following international pressure on the country.

Mr Mykola Porovsky, deputy chairman of the Ukrainian parliament's defence committee, said that "Mr Zlenko's statement was a general statement, not specifically to do with tactical weapons. We will not ship them to Russia until there is a system of international verification for their destruction. Such a system would require western and Ukrainian participation."

**NEWS: INTERNATIONAL**

# Peace beckons as Afghan opponents forge links

## 'We are not here to fight,' a young guerrilla tells David Housego in Tange Pole Charqui, Afghanistan

SOME OF the divisions which have rent Afghanistan during 13 years of civil war seemed to be disappearing yesterday as heavily armed mujahideen guerrillas linked up with government forces to guard strategic positions on the once dangerous highway linking Kabul to Jalalabad near the Pakistan border.

At the entrance to the Kabul gorges where the road plunges between high cliffs, Nassir Mohammed, a young guerrilla fighter from the Harakat group, said: "Mujahideen forces are here to combine with the army to bring peace to Afghanistan. We are not here to fight."

In a nearby hut, Colonel Ali Jan of the Tsarandoy, a paramilitary unit under the ministry of defence, said he had been told two days ago to co-operate with the mujahideen.

Grinning as he sat opposite several mujahideen – all carrying automatic weapons or rocket launchers – he said: "A year ago I would have killed them. A year ago I did kill one."

Asked whether he would serve a mujahideen government if this was formed in Kabul, he said: "If it follows Islamic practice, then we will support it more than we did [President] Najibullah's regime or that of the king."

Both at Tange Pole Charqui, about 20km outside Kabul, and further down the Kabul gorge – the scene during early years of the war of devastating attacks by guerrillas on Soviet convoys – there were plenty of signs of mujahideen groups working together and across ethnic divisions.

Present in the area were units of the Jamiat-i-Islami (controlled by Ahmad Shah Masood, now the main mujahideen leader), Harakat, and the Khalis Yunus group of the Pathan Abdul Haq.

At several points along the road were burnt-out remains of army tanks and armoured personnel carriers.

At Mahayapur a bus passed with mujahideen riding on the roof under orders to work with the army in reinforcing security around the southern perimeter of Kabul.

The reinforcements are intended as a safeguard against a threat of attack by Mr Gulbuddin Hekmatyar's Hezb-i-Islami movement who are resisting Mr Masood's domination of a post-war administration. But the Hezb look increasingly isolated and lack the strength to impose their will.

At Mahayapur, there was a moment of tension when the rattle of automatic fire echoed across the gorge. But it turned out to be a young mujahideen testing his weapon.

Mujahideen occupying a roadside house from which the roof had been blasted said they had only taken up the position yesterday. "We are under orders not to fight but to work with the army," said one.

As yet no mujahideen have moved into Kabul where the army and police still operate on their own.

In the hectic consultations to set up an interim administration that could take over from the government, Mr Benon Sevan, the UN special envoy, yesterday met Rashid Dostan, head of the Uzbek militia, in north Afghanistan and 50 other commanders who are part of Mr Masood's northern-based coalition.

Near Pole Charqui, we passed prisoners just released from the nearby jail – one of the largest in the country and used both for political prisoners and captured mujahideen.

Mohammed Shafi, 32, who had been imprisoned for two and a half years, said he had only heard of his release two hours previously. He had been an officer in the paramilitary forces who had also worked for Mr Masood's Jamiat-i-islami.

In pouring rain he took off his socks to show how his toe nails had been torn off under interrogation.

About 1,500 prisoners have been released this week in an effort to encourage compromise and reconciliation. "Now the government know that they put nationalists in prison," he said. "They were in the wrong, not us," he said.

Barriers between the security forces and the mujahideen could disappear more rapidly than many people think because of the family links between the two.

"All my relations were in the mujahideen," said Colonel Ali Jan of the Tsarandoy. Asked if he helped them during the war, he said: "Naturally I did", recalling an incident at nearby Sarobi where he provided a mujahideen unit with medicines, tea and sugar.

Meanwhile, reports from Kabul yesterday said there were soldiers on the streets while shops were open and traffic moved normally.

But there was an air of expectancy as people waited to see which way events would turn. Grounded aircraft and helicopters at the airport reflected the suspension of military operations against the mujahideen.

# Keating treads carefully in Indonesia

By William Keeling in Jakarta

THE visit by Mr Paul Keating, the Australian prime minister, to Indonesia had an unsettled start yesterday when President Suharto reiterated concern at foreign interference in his country's domestic affairs.

In a banquet speech last night, President Suharto said Indonesia would not accept "comment and criticism that only exaggerates the backwardness of our national development effort and interferes in our domestic affairs".

"Every nation and state has a level of dignity that is not open to bargaining," he said.

Earlier in the day, Mr Keating had met Mr Ali Alatas, Indonesia's foreign minister. Diplomats in Jakarta said Mr Keating raised the issue of East Timor, the former Portuguese territory which Indonesia forcibly annexed in 1976.

Last November, up to 180 civilians were killed in East Timor when soldiers opened fire on pro-nationalist demonstrators.

Australia recognises Indonesia's annexation of the territory, but diplomats said that Mr Keating suggested East Timor might be granted special territory status. He also questioned whether East Timorese nationalists currently on trial should be prosecuted under criminal law for their political offences.

Such suggestions are likely to be viewed by Indonesian officials as an intrusion in internal affairs.

In his banquet speech, Mr Keating adopted a softer line and said he "respected Indonesia's determination to pursue an independent course in the world". He praised President Suharto for having "dramatically improved living standards in your own country, and contributed to wider regional stability".

Mr Keating's four-day trip, his first abroad as prime minister, has been flagged as a move by Australia toward greater economic and political co-operation with Asia. "Each of us is the other's best test of how effectively we will be able to deal with the social and political diversity ... which will mark our region in the 1990s," he told President Suharto.

# Mideast talks move to Rome

By Roger Matthews, Middle East Editor

MIDDLE EAST peace negotiations will move to Rome after the next round of talks, which are scheduled to open in Washington on Monday, the US State Department announced yesterday.

The new venue represents a modest step forward in resolving the procedural difficulties which have delayed consideration of substantive issues.

Syria, Jordan, Lebanon and the Palestinian delegation had strongly resisted Israel's efforts to site the talks closer to the Middle East. They felt it was to their advantage to hold the early bilateral sessions in the US where pressure from the administration and the attention of the media worked to their advantage.

In order to break the deadlock, the State Department asked each delegation to submit a list of acceptable venues. Rome was common to the five lists. No date has been set for the first meeting in Italy and may have to await the outcome of the general election in Israel on June 23.

# Mubarak discerns 'ray of hope' after Gadaffi talks

By Tony Walker in Cairo

PRESIDENT Mubarak of Egypt emerged yesterday from talks in a tent near the Libyan-Egyptian border with Colonel Muammer Gadaffi and declared there was a "ray of hope" for an end to the crisis between Libya and the west over the downing of two airliners.

"We are consulting with a lot of parties. We hope to find a way out to bring things back to normal," Mr Mubarak told reporters, without elaborating.

Earlier, Col Gadaffi riding in an open white Cadillac and accompanied by some 30 vehicles carrying aides and female bodyguards, had swept theatrically into Egypt for his meeting with Mr Mubarak.

The talks took place inside a military airbase at Sidi Barani, 75 km east of the border town of Salloum.

It was the Libyan leader's first high-level encounter with a fellow-Arab ruler since United Nations sanctions, including an air and arms embargo, came into force last Wednesday.

It was not immediately clear whether the meeting would yield any fresh ideas to resolve the crisis.

In remarks to reporters, Mr Mubarak warned against a military solution, saying that such an approach would merely "increase dangers and complicate matters".

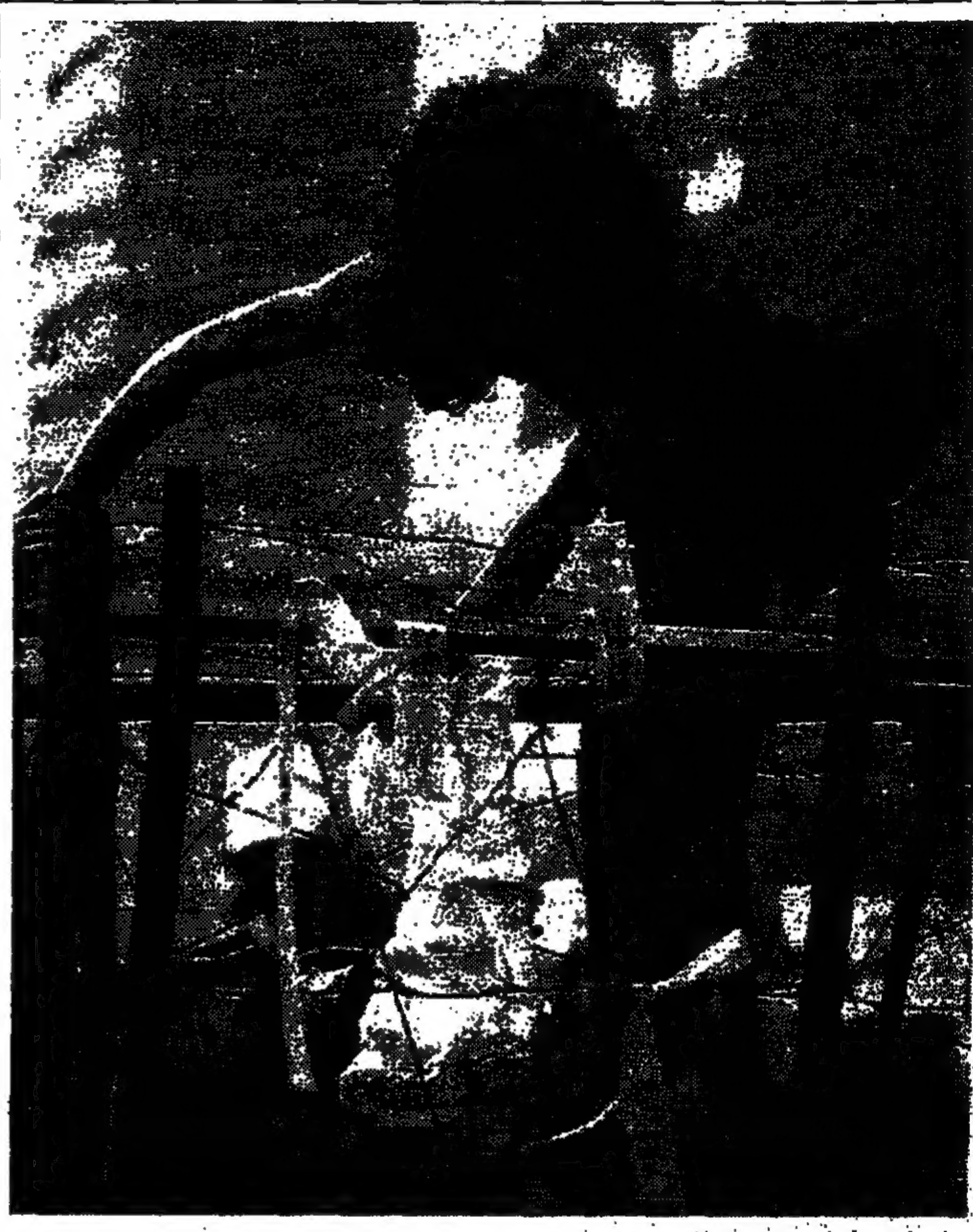
"I don't think there will be extra measures [against Libya] soon, but I hope that we could reach a solution before any extra measures," he declared.

Egypt's president has had a series of meetings with Col Gadaffi aimed at resolving the dispute over Libya's continued refusal to yield nationals suspected of involvement in the 1988 and 1989 bombings of American and French airliners. With more than 1m Egyptians working in Libya, Egypt fears that if the crisis continues to fester, open conflict might ensue, destabilising Libya in the process.

Cairo has urged Libya to hand over the two men accused of bombing Pan Am flight 103 over Lockerbie, Scotland, for trial in either Britain or the US, but Tripoli, after indicating that it might be prepared to do so, has repeatedly balked at the last moment.

Libya has also been resisting French attempts to gain access to four Libyans, including Col Gadaffi's brother-in-law, for questioning in connection with the blowing up of a French UTA flight over Niger.

Tripoli has said it might be prepared to yield the two men accused of the Pan Am bombing in which 270 people died, but has sought to impose conditions. The US and Britain have said repeatedly that their surrender must be unconditional. Libya has also proposed handing the suspects to a "neutral" country such as Malta for trial, but this has been rejected.



A protester hurdles iron barriers yesterday during an opposition party rally in Taipei

# Burma's refugees await their fate as camp conditions worsen

By Carol Rose in Dhaka

ON THE EVE of negotiations to determine the fate of more than 200,000 refugees who have fled from Burma to Bangladesh, United Nations officials say the refugee camps are in crisis.

More than 2,000 refugees are flooding across the border daily and 96,000 people have inadequate shelter. Aid workers warn of a cholera epidemic when the monsoon arrives shortly.

Burma's foreign minister, U Ohn Gyaw, is due to arrive in Dhaka, the Bangladeshi capital, tomorrow as part of a six-day visit to resolve the refugee problem.

The government of Bangladesh has proposed a tripartite commission combining the UN and the Burmese and Bangladeshi governments to return the refugees.

Mr Boutros Boutros Ghali, UN Secretary-General, has said that "an agreement in principle has been obtained" to repatriate the refugees. However, many refugees say they will die in Bangladesh rather than return to Burma under the present military regime.

Most come from two districts of Arakan state just beyond the Bangladeshi-Burmese border, where Rohingya Moslems are in the majority.

The refugees say they are fleeing because soldiers of Burma's military junta, the State Law and Order Restoration Council (SLORC), have forced young men into slave labour, raped Rohingya women and transferred Rohingya land and possessions to Buddhist Burmese in Arakan.

A recent survey by the United Nations High Commissioner for Refugees showed that 86 per cent of the male refugees said they had been conscripted into forced labour. Forty-six per cent of female family members reported they had been raped, 52 per cent of the refugees could name persons killed by the Burmese military and 80 per cent said their property had been confiscated.

The 12 refugee camps are squeezed into only 670 hectares of dry land south of Dhaka.

# Taiwanese demonstrators stage sit-in

NEARLY 20,000 protesters took to the streets in Taiwan demanding direct presidential elections during three days of rallies organised by the island's main opposition party, the DPP, writes Luisetta Mudei in Taipei.

The protests were scheduled to end by midnight yesterday, but the protesters staged a sit-in in central Taipei, saying they would not move until the ruling Kuomintang (KMT) agreed to direct election of the president, currently chosen by the National Assembly.

The issue highlighted deep divisions within the KMT leadership last month, but a decision was deferred until 1995 at the latest. KMT deputies in the National Assembly, which is currently in session to amend the constitution, have been ordered to shelve the issue.

The demonstrations were largely peaceful, although scuffles broke out with police when DPP National Assembly deputies arrived at the presidential palace demanding to see the president.

# Australia compensates for sell-off

By Kevin Brown in Sydney

THE state government of New South Wales (NSW) yesterday announced a tax compensation agreement with the Australian federal government paving the way for several proposed privatisations.

Mr George Souris, privatisation minister in the state's conservative government, said Canberra had agreed to write off A$430m (£187m) of NSW debt to allow privatisation of the NSW Government Insurance Office (GIO).

The debt write-off is intended to compensate the state government for the loss of corporate income tax from the GIO. Under a long-standing arrangement between the federal and state governments, state-owned businesses are exempt from federal income tax, but are required to pay an equivalent sum to the state.

The agreement, which is the first of its kind, overcomes a significant obstacle to the privatisation of state government assets by compensating for the loss of tax revenue.

It is likely to pave the way for similar compensation for other state government assets listed for privatisation – notably the State Bank and electricity generation industry in NSW.

Mr Souris said the agreement was "vital" to the successful privatisation of the GIO, Australia's fifth largest domestic insurance company, which is expected to raise up to A$1.8bn in a flotation later this year.

He said the bulk of the debt write-off would comprise A$360m reflecting the estimated net present value of GIO's projected tax payments to the state over the next five years. The remaining A$70m would compensate the state government for deferred tax liability accumulated by the GIO Life Fund.

The debt write-off is equivalent to about 5.7 per cent of the state government's total debt of A$7.6bn.

The federal government confirmed that a deal had been reached in principle between Mr John Dawkins, the treasurer, and Mr Nick Greiner, the NSW premier.

# Hurd pleads Kurds' case in Turkey

By John Murray Brown in Ankara

THE UK foreign secretary, Mr Douglas Hurd, yesterday met Turkish leaders in Ankara in a bid to secure Turkish backing for continued allied protection of the Kurds of northern Iraq.

The visit is seen as particularly urgent after the allied démarche to Iraq last week to remove missile batteries and end its radar illumination of allied aircraft.

The foreign secretary also indicated that Turkey had given approval for a possible strike against Iraq, which, he said, was implicit in the terms of the démarche. Mr Hurd said the démarche was made with the full knowledge and acquiescence of the Turkish government.

# Suchinda's honeymoon may end before it begins

## Peter Ungphakorn in Bangkok examines the problems already besetting Thailand's new government

OPPOSITION parties have warned that there will be no honeymoon for the new Thai government of General Suchinda Kraprayoon, the former army commander. They are almost certainly right.

An estimated 30,000 people, demonstrating on Monday in a central Bangkok plaza near both parliament and Supreme Command headquarters, applauded loudly as elected leaders from four opposition parties called for Gen Suchinda's resignation. Some of the speeches were uncommonly blunt. One speaker pointed out Gen Suchinda's dubious distinction of being the first of 19 prime ministers since the end of absolute monarchy in 1932 to have been the target of demonstrations even before he made his first policy statement to parliament.

Gen Suchinda was de facto leader of last year's coup, which led to a 13-month government led by an appointed civilian prime minister, Mr Anand Panyarachun, whose administration was largely clean and competent. Now, following the March 22 general election in which Gen Suchinda did not stand, he is himself prime minister at the head of a government including many of the ministers he overthrew ostensibly because of their alleged corruption.

Critics of the military say that the election, which saw widespread vote-buying, represented a second coup on the sly. Far from being a return to democracy, they say, the election became another step in the ascendancy of the group of officers known as Class 5, the fifth class to graduate from the military academy under the revised post-Second World War curriculum.

Within the military, membership of a clique, usually based on a graduation class, can be all-important. And the consolidation of Class 5's power is probably unprecedented in recent history, even through rivalries within it cannot be ruled out.

The staunchest critics warn that a third "coup" would be possible if members of the government coalition demand too much influence or money in return for their support. The precedent, they say, would be 1971, when the strongman of the day staged a coup "against himself" to get rid of a troublesome parliament.

This analysis is debatable because Thailand has changed. Unlike in the 1970s, Gen Suchinda has had to resign from the army. Public opinion forced the drafters of last year's constitution to drop a provision that would have allowed serving government officials to hold cabinet posts.

Nevertheless, Class 5's strength is clear. Gen Suchinda has been replaced as army commander by his brother-in-law and former classmate, General Issarapong Noonpakdi, who was interior minister in the post-coup government. His successor is a Class 5 former air force officer, Air Chief Marshal Anan Kalintha.

Gen Suchinda's successor as armed forces supreme commander is another Class 5 graduate, Air Chief Marshal Kaset Rojananil, who played an important part in the creation of the pro-Class 5 party, Samakkhi Tham (Justice Unity), and in bringing together the five-party coalition that supports Gen Suchinda.

When parliament convened for its first debate last Thursday, the opposition wore black to mourn the demise of democracy. Outside, a former member of parliament had been on hunger strike for a week. On Sunday, Bangkok's voters, in the election for the capital's governor, gave 88 per cent of their votes to two candidates representing anti-military parties. By Monday's mass public demonstration, the lone hunger striker had been joined by more than 40 others.

Members of the five-party coalition supporting the new prime minister have been forced into a corner. In the general election campaign, they proclaimed their democratic principles by pledging that the leader of the largest party would head the government. This turned out to be Mr Narong Wongwan, who was immediately engulfed in controversy when it was revealed that last year he had been refused a visa to enter the US for allegedly being associated with drug smuggling. The coalition then chose Gen Suchinda and faced another round of criticism. Gen Suchinda had himself broken his pledge not to seek the premiership.

Coalition members deny that their support is undemocratic, arguing that their 195 seats in the 360-seat House of Representatives allows them a mandate to support any prime minister as long as they do not violate the constitution. Some younger MPs considered to be among the better-abled members of the coalition have pleaded with the public to give the new government a chance.

Gen Suchinda has repeatedly stressed that his priority is to make sure that the economy continues to be run properly in order to maintain investor-confidence and Thailand's position as one of the world's fastest-growing economies.

The reappointment of an unelected technocrat finance minister, Dr Suthee Singhasaneh, and Gen Suchinda's choice of economic advisers suggest that fiscal and monetary caution will continue. Priorities are likely to remain the avoidance of inflation, balance of payments problems and excessive debt.

Gen Suchinda has also announced that he will continue with the junta's declared objective of reducing corruption. However, the fact that he has been forced to appoint ministers with questionable backgrounds is seen as an indication of his limited bargaining power. Much will hinge on the discipline of the coalition parties; some factions disappointed by not gaining cabinet posts are already threatening trouble.

Much will also depend on the behaviour and unity of Class 5. Questions are beginning to be raised concerning the ambitions and numerous family connections of the new army chief, Gen Issarapong. And Air Chief Marshall Kaset has made no secret of his own political ambitions. The air force chief also has numerous business interests, including chairing the boards of Thai Airways International and the company that imports Hyundai cars.

When he took over as supreme commander he is reported to have pledged to continue the tasks begun by Gen Suchinda and to keep out of politics. One observer responded: "Gen Suchinda had better watch his back." The comment was a joke, based on Gen Suchinda's previous pledges to stay out of politics, but, still, there was the ring of truth as well.

# Political worries depress investors

Gen Suchinda, left: markets fear political instability

By Victor Mallet in Bangkok

SHARE prices on the Stock Exchange of Thailand fell sharply yesterday as local investors expressed their concern about the stability of the new government led by Gen Suchinda Kraprayoon, prime minister and former army commander.

The SET index fell 23.75 points, or nearly 3 per cent, to close at 785.09, after a fall of 14.04 points on Monday.

Yesterday's bout of selling followed a peaceful rally in central Bangkok on Monday night by an estimated 30,000 opponents of the government and a suggestion by Air Chief Marshal Kaset Rojananil, the supreme commander, that he would ban such demonstrations if they caused trouble.

Company results and official forecasts show the Thai economy to be in good shape – economists predict real growth of about 8.5 per cent this year – but Thai speculators have taken fright at the possibility of a showdown between the military establishment and civilian opponents.

"Thais haven't been paying attention to the New York or Tokyo markets," said a stockbroker. "It's really just concern and uncertainty over instability and the government."

# Son of Hyundai founder held

By John Burton in Seoul

SOUTH Korean prosecutors yesterday arrested a son of the founder of Hyundai as the government continued its feud with the country's second largest conglomerate.

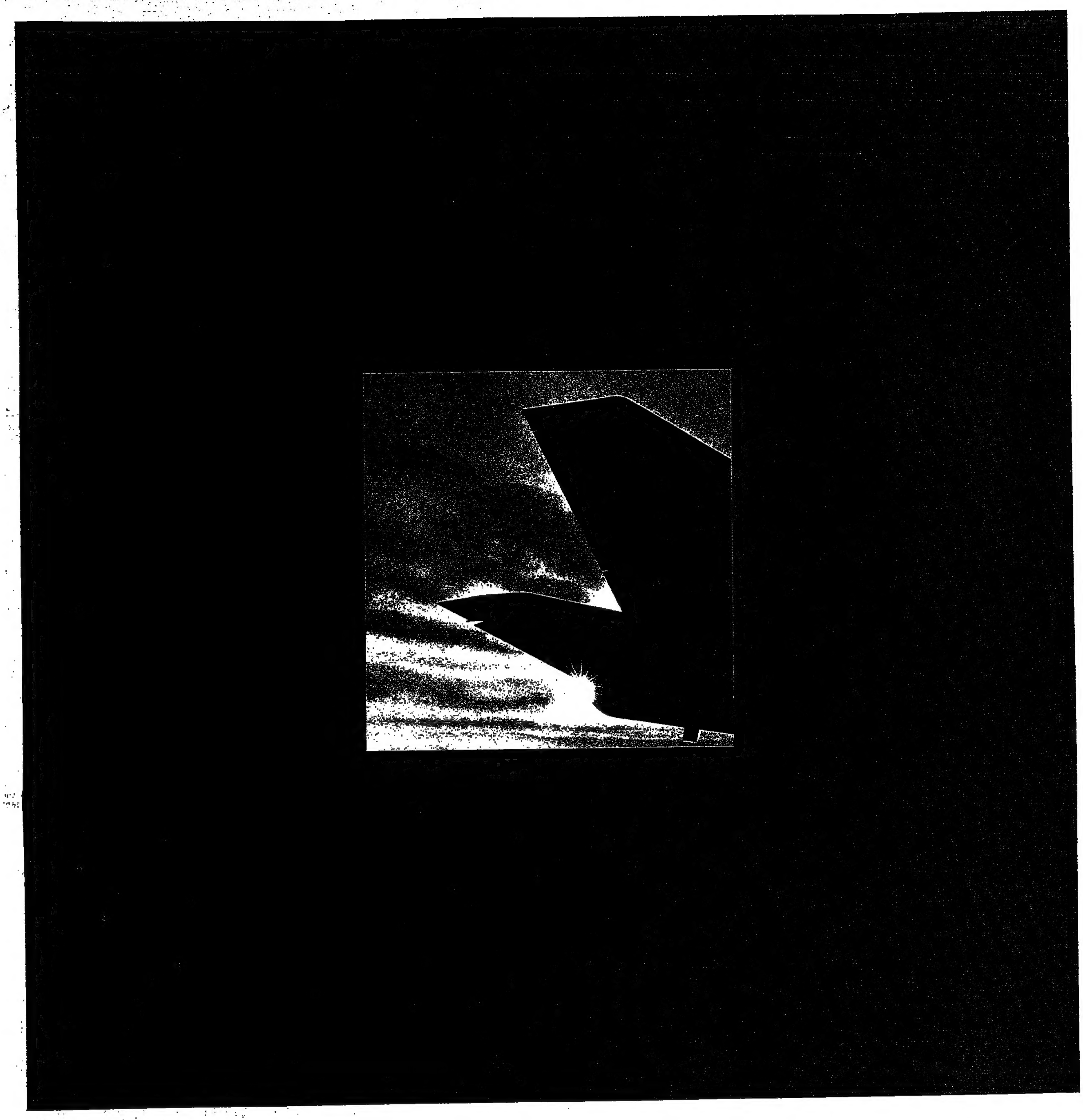
Mr Chung Mong-Hun, the vice-chairman of Hyundai Merchant Marine, was arrested for tax evasion after a two-week investigation of Korea's biggest shipping company.

Prosecutors said they originally suspected that some of the Won11.2bn ($14.5m) that was hidden from tax authorities was used to finance the anti-government Unification National party (UNP), but they found no evidence to support this theory.

# Islamic leader stays in jail

Algerian judges yesterday threw out a charge that Islamic Salvation Front provisional leader Abdelkader Hachani urged troops to disobey orders, but left him in prison on a lesser charge, his lawyer said, Reuter reports from Algiers.

The three-member court also rejected prosecution appeals against a lower court which quashed charges that Hachani distributed harmful tracts and attacked the honour of public bodies, the lawyer added.



FINANCIAL TIMES WEDNESDAY APRIL 22 1992

# World business leaders increase pressure for global trade agreement

## Successful completion of the Uruguay Round is seen as a 'prerequisite for world economic growth and prosperity, and therefore for jobs'

AS President George Bush and Mr Jacques Delors, the European Commission president, meet in Washington today, world business leaders are stepping up pressure for an agreement on global trade liberalisation.

Mr Bush and Mr Delors will try to resolve differences between the US and the EC, mainly on farm subsidies, that have blocked agreement so far in the Uruguay Round of world trade talks. It is seen as the last chance of concluding a Gatt pact before a new administration takes office in the US in January. A senior US official yesterday depressed hopes of a breakthrough in the talks, but insisted that the coming presidential election was no "impediment" to agreement.

Japanese, US and European businesses said in Tokyo yesterday that successful completion of the Round was "a prerequisite for world economic growth and prosperity, and therefore for jobs". Agreement would restore business confidence by reducing uncertainties and the risk of trade conflicts, they said in a joint statement signed by the Keidanren, Japan's leading business organisation, and US and European business groupings. The Tokyo statement follows a letter signed last week by more than 120 chief executives around the world appealing to national governments to iron out their differences.

Among US signatories to the letter from the International Chamber of Commerce, IBM, AT&T and General Motors stressed the need for a clear set of trading rules. Their absence "raises the cost of doing business," a GM official said. IBM said it was vital to have a trading framework covering services, anti-dumping and trade in services. "We want a consistent world-wide application of trade practices that can be applied locally."


Bush (left) and Delors: last chance for a world trade agreement

GM noted tariffs were no longer especially important in trade in cars. It had reservations about the language of the Gatt draft's anti-dumping provisions, but was pleased it would at least replace many local content rules complicating external investment.

AT&T thought aspects of the draft could be improved, in the protection of intellectual property, rules of origin and the anti-dumping provisions. But it believed an umbrella agreement was the priority. Mr Patrick Gillam, chairman of Asda, the UK supermarket chain, said his organisation as a "buyer of a lot of imported goods" would benefit from liberalised world trade. "Anyone who is an industrialist will be happy not to see the world fall into competing trade blocs. The record since Gatt was introduced shows ever-increasing world trade...if you can complete the agreement you will have similar beneficial effects. Our organisation benefits from the general economic prosperity that arises from greater freedom of trade."

Sir Patrick Sheehy, BAT Industries chairman, said: "With the world on the whole in a recession and experiencing difficult economic conditions, there is a bit of a beggar-my-neighbour attitude about. It would be easier to get an agreement in a period of prosperity. To bring about a meaningful agreement needs political courage, which is lacking in Europe and the US."

The BDI, Germany's leading industry association, warned of the "devastating" economic effects (of failure in Gatt) on the national economy, which derives 32 per cent of income from exports. Companies took a more cautious view. The immediate worry is that heightened uncertainty will further delay economic recovery. They fear polarisation of world markets into three defensive trading blocs, the EC, the US and Japan, which would have unquantifiable effects on reconstruction and social conditions in Europe's former communist states.

"We are all worried because central and eastern Europe need market access to build their economies," said Mr Jürgen Pfingster, chief economist at Commerzbank, one of Germany's biggest banks. Global businesses such as Siemens, the electronics and engineering group, fear increased "complications in procedures" will hamper their development, a spokesman said. The heads of five of Italy's leading companies also signed the letter, among them Fiat, the country's largest private sector group, and ENI, the state-owned oil and energy concern.

Mr Luigi Orlando, chairman of SMI, Europe's biggest maker of copper and alloy products, stressed his commitment to open markets, but like Fiat's chairman, Mr Giovanni Agnelli, he believed the Commission should produce policies to defend European companies against their US and Japanese competitors.

In Australia, Mr John Prescott, chief executive of Broken Hill Proprietary (BHP), the mining, energy and steel group, said Australia had suffered materially "as a result of the agricultural protectionist policies of the US and the EC. We believe that wholesale abolition of agricultural protection, combined with steady progress towards the ultimate removal of protection of manufactured goods would lead to a more even spread of world prosperity."

"We do so much exporting that it's vital to us," said Mr Alf Powis, chairman of Noranda, the Toronto-based resources and industrial group. Mr Red Wilson, president of the Montreal telecommunications holding company BCE, said that while BCE was unsure how it might be affected by lower barriers to international telecommunications, "we'd rather talk about opportunities to liberalise than not talk about them."

*Reporting by Bernard Simon in Toronto, Nikki Tait in New York, Jurek Martin and Nancy Dunne in Washington, David Dodwell in Tokyo, Jimmy Burns and Neil Buckley in London, Haig Simonian in Milan and Christopher Parkes in Bonn*

SUMMARY NOTICE

IF YOU BELIEVE THAT YOU OR ANY MEMBERS OF YOUR FAMILY HAVE ANY CLAIM AGAINST MICHAEL R. MILKEN OR OTHER FORMER EMPLOYEES OF, OR ENTITIES RELATED IN ANY WAY TO, DREXEL BURNHAM LAMBERT INCORPORATED, YOU SHOULD READ THIS IMPORTANT NOTICE CAREFULLY. YOUR RIGHTS MAY BE AFFECTED BY THESE LEGAL PROCEEDINGS, INCLUDING THE PROPOSED SETTLEMENT DESCRIBED BELOW.

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

PRESIDENTIAL LIFE INSURANCE COMPANY, Plaintiff,
-against-
MICHAEL R. MILKEN, THE INDIVIDUALS LISTED ON EXHIBIT "A" BELOW, AND THE PARTNERSHIPS, CORPORATIONS, TRUSTS AND OTHER ENTITIES LISTED ON EXHIBIT "B" BELOW, Defendants.

92 Civ. 1151 (MP)
CLASS ACTION
SUMMARY NOTICE OF PENDENCY OF CLASS ACTION, OF PROPOSED SETTLEMENT AND OF SETTLEMENT HEARING

*To: All persons or entities acting in their own capacity, derivatively, or in a representative capacity, directly or indirectly, having actual or potential claims of whatever kind or nature, which have not been asserted prior* to February 4, 1992, against any of the persons (the "Individual Defendants") and entities (the "Partnership Defendants") identified in Exhibits "A" and "B" below (collectively, the "Settling Defendants") arising out of activities from January 1, 1978 through December 31, 1991 (the "Global Class Period") relating to: (1) the business or activities of The Drexel Burnham Lambert Group Inc. (and/or any of its subsidiaries and affiliates who are debtors-in-possession in In Re The Drexel Burnham Lambert Group Inc. et al., Case No. Civ. 90-6954 (MP), Chapter 11 Case No. 90 B 10421 (FGC), Jointly Administered (S.D.N.Y.)) (collectively, "Drexel") in the securities industry as a broker-dealer, underwriter, investment advisor, investment banker, financial advisor, consultant, agent or principal with respect to a wide variety of high yield and other related securities including, without limitation, high yield debt securities, preferred stock, convertible securities, equity securities, warrants, hybrid securities and insurance-related products (such as annuities and guaranteed investment contracts) (collectively, "securities"); (2) the Individual Defendants' employment or activities at or on behalf of Drexel (whether or not alleged to be ultra vires); and (3) investments in or purchases or sales of any securities by or for the direct or indirect benefit of the Individual Defendants through the Partnership Defendants (the "Global Class"). The claims encompassed within the Global Class do not include any claims that have been asserted in any existing case against the Settling Defendants, or any of them, prior to February 4, 1992 (the "Pending Drexel-Related Milken Litigation"); any claims by any Settling Defendant or any of the Settling Defendants' successors, representatives or heirs or any of the members of any Individual Defendants' immediate families; any claims by any entity in which any Settling Defendant has a controlling interest; any claims by any Partnership Defendant and any other similar Drexel-Milken securities investment partnership or other entity; any claims for criminal or administrative sanctions; any government enforcement action; any claims for income tax; any claims for personal injury torts; and any claims on behalf of any non-institutional retail customer of Drexel who maintained any account with Drexel's retail operations, alleging that any of the Settling Defendants churned, mismanaged or improperly supervised any such non-institutional retail customer account.

Notice is hereby given pursuant to Rule 23 of the Federal Rules of Civil Procedure and the order of the Honorable Milton Pollack, Senior United States District Judge for the Southern District of New York (the "District Court"), issued in the above action (the "Global Class Action") on March 11, 1992, of the pendency of the Global Class Action, of the proposed settlement of the Global Class Action (the "Class Settlement"), of the District Court's certification of a class for settlement purposes, and of a hearing (the "Settlement Hearing") to be held for the purpose of determining whether to approve the Class Settlement as fair, reasonable and adequate. If you are a member of the Global Class and do not exclude yourself therefrom, you have the right to appear and participate at the Settlement Hearing, which will be held before the District Court in the United States Courthouse, Foley Square, 40 Centre Street, New York, New York 10007-1581, in Courtroom 1305 at 10:00 a.m. on July 14, 1992.

Under the proposed Class Settlement, a fund of up to $50 million shall be created for the benefit of the Global Class as set forth in the Stipulation of Compromise and Settlement (the "Class Settlement Stipulation") entered into on March 11, 1992 by the above-named plaintiff (the "Plaintiff"), individually and on behalf of all members of the Global Class, and the Settling Defendants.

Pursuant to the Order Preliminarily Approving Settlement and Certifying Settlement Class entered by the District Court on March 11, 1992 (the "Preliminary Approval Order"), the District Court has certified for settlement purposes only the Global Class as defined above in accordance with Rule 23 of the Federal Rules of Civil Procedure. The purpose of the Settlement Hearing will be for the District Court to determine whether to finally approve the Class Settlement as fair, reasonable and adequate in accordance with Rule 23(e) of the Federal Rules of Civil Procedure.

As part of the Preliminary Approval Order, the District Court has entered a preliminary injunction (i) barring and enjoining all members of the Global Class who do not request exclusion therefrom from commencing or prosecuting any claim that has been or could have been asserted in the Global Class Action pending the outcome of the Settlement Hearing; (ii) barring and enjoining all members of the Global Class from commencing or prosecuting, in any court or forum (federal or state) other than the District Court, any action or proceeding that challenges or seeks review of or relief from any act, decision or ruling of the District Court in connection with the Global Class Action; and (iii) providing that any violation of the foregoing preliminary injunction is punishable as contempt of Court, in addition to all other available remedies. In addition, all members of the Global Class will be subject to a covenant not to sue the current and former directors of Drexel identified in Exhibit "C" below, for Drexel-related claims as set forth in the Class Settlement Stipulation.

The proposed Class Settlement, together with a proposed settlement of the Pending Drexel-Related Milken Litigation and a proposed plan of distribution by the United States Securities and Exchange Commission (the "SEC") of the civil disgorgement fund created by Michael R. Milken ("Milken") (the "Milken Civil Disgorgement Fund") in the action SEC v. Drexel Burnham Lambert Inc., et al., 88 Civ. 6209 (MP) (the "SEC Action"), is intended to dispose of all litigation and all claims, whether or not presently asserted, against the Settling Defendants on account of the Settling Defendants' Drexel-related activities (the "Milken Global Settlement"). Both the Class Settlement and the settlement of the Pending Drexel-Related Milken Litigation are each conditioned, inter alia, upon their respective final judicial approvals. Class Counsel are also signatories to the agreement entered in connection with the Milken Global Settlement.

The Milken Global Settlement provides for the payment of approximately $1.3 billion (the "Milken Global Settlement Fund") to be dedicated to the payment of these claims. The Milken Global Settlement Fund consists of the Milken Civil Disgorgement Fund, a fund of $400 million, plus interest, which Milken established as part of his settlement with the SEC in the SEC Action; the payment by Milken of an additional $500 million; the payment by the other Settling Defendants (excluding Milken) of $300 million; and the payment by Drexel's insurance carriers of up to $100 million.

As part of the Milken Global Settlement, a fund of up to $50 million (the "Global Class Action Settlement Fund") will [illegible]

In particular, it is contemplated that a plan of allocation (the "Plan of Allocation") will be established in connection with the distribution of the Global Class Action Settlement Fund [illegible]

Class Counsel will be responsible for administering the Global Class Action Settlement Fund and creating, submitting and implementing the Plan of Allocation. [illegible]

If the proposed Class Settlement obtains final judicial approval, Plaintiff and all members of the Global Class will release all of their claims which are or could have been asserted in the Global Class Action as against the Settling Defendants [illegible]

THE DISTRICT COURT HAS NOT DETERMINED THE MERITS OF THE CLAIMS ASSERTED BY PLAINTIFF OR THE DEFENSES OF THE SETTLING DEFENDANTS THERETO. THIS NOTICE DOES NOT IMPLY THAT THERE HAS BEEN OR WOULD BE ANY FINDING OF VIOLATION OF THE LAW OR THAT RECOVERY COULD BE HAD IN ANY AMOUNT IF THE LITIGATION WERE NOT SETTLED.

The Class Settlement will be presented to the District Court for approval at the Settlement Hearing described above. At the Settlement Hearing, the Court will consider whether it will approve this Class Settlement and the Class Settlement Stipulation. The Settlement Hearing may be adjourned from time to time by the District Court without further notice. The District Court's decision will be binding upon all Global Class members who wish to participate in the Class Settlement.

At the Settlement Hearing, counsel for plaintiff in the Global Class Action may apply to the District Court for an award of reasonable attorneys' fees and administrative expenses to be payable solely out of the Global Class Action Settlement Fund and any interest earned thereon, as appropriate, without recourse against any of the Settling Defendants.

Any Global Class member has the right to appear at the Settlement Hearing in person, or by counsel if an appearance is filed and served as hereafter provided, and be heard to the extent allowed by the District Court in opposition to the fairness, reasonableness and adequacy of the proposed Class Settlement. However, except for good cause shown, no person shall be heard in opposition to the proposed Class Settlement or any judgment or order to be entered thereon, and no papers or briefs submitted by such person shall be accepted or considered by the District Court, unless on or before June 24, 1992, such person (a) has filed with the District Court a notice of such person's intention to appear at the Settlement Hearing together with a statement that indicates the basis for such opposition along with any supporting documentation and (b) has served copies of all such notices, statements and supporting documentation, together with copies of any other papers or briefs which said person files with the District Court, either in person or by mail, upon:

David Berger, Esq.
Berger & Montague, P.C.
1622 Locust Street
Philadelphia, Pennsylvania 19103

Arthur L. Liman, Esq.
Paul, Weiss, Rifkind, Wharton & Garrison
1285 Avenue of the Americas
New York, New York 10019-6064

Theodore N. Miller, Esq.
Sidley & Austin
One First National Plaza
Chicago, Illinois 60603

Stanley Nemser, Esq.
Wolf Popper Ross Wolf & Jones
845 Third Avenue
New York, New York 10022

Daniel R. Murdock, Esq.
Donovan Leisure Newton & Irvine
30 Rockefeller Plaza
New York, New York 10112

Any person who wishes to be excluded from the Global Class may do so by mailing a timely and valid request for exclusion ("Request for Exclusion") to Class Counsel and each of the other attorneys specified in the immediately preceding paragraph, by no later than June 24, 1992. A Request for Exclusion preferably should set forth the following information with respect to the person or entity requesting such exclusion: name, address and telephone number; a description of the facts upon which such Global Class member bases a claim against the Settling Defendants; the amount claimed by such Global Class member to be owing to such member by reason of the claims and the reasons for which the exclusion is sought. All Requests for Exclusion must be signed by or on behalf of the person or entity so requesting the exclusion. If you request exclusion, you will not be bound by the Class Settlement and will not receive any benefits therefrom, nor will you be entitled to share in the Global Class Action Settlement Fund. If you do not request exclusion, you will be bound by the Class Settlement and are eligible to receive benefits therefrom, including the Global Class Action Settlement Fund.

In order to participate in the distribution of the Global Class Action Settlement Fund in the event the settlement is finally approved, members of the Global Class are required to file a properly executed Proof of Claim [illegible] July 7, 1992. [illegible]

Heffler & Company
P.O. Box 1210
Philadelphia, Pennsylvania 19105

For a more detailed statement of the matters involved in the Class Settlement, reference is made to the pleadings, to the Class Settlement Stipulation [illegible] Office of the Clerk of the United States District Court, Southern District of New York, Foley Square, 40 Centre Street, New York, New York 10007-1581, during normal business hours each business day.

A MORE DETAILED SUMMARY OF THE CLASS SETTLEMENT, THE GLOBAL CLASS ACTION AND RELATED MATTERS MAY BE OBTAINED BY WRITING TO HEFFLER & COMPANY AS SET FORTH ABOVE.

DO NOT DIRECT ANY INQUIRY TO THE DISTRICT COURT OR THE CLERK OF THE DISTRICT COURT.

DATED: New York, New York
April 22, 1992

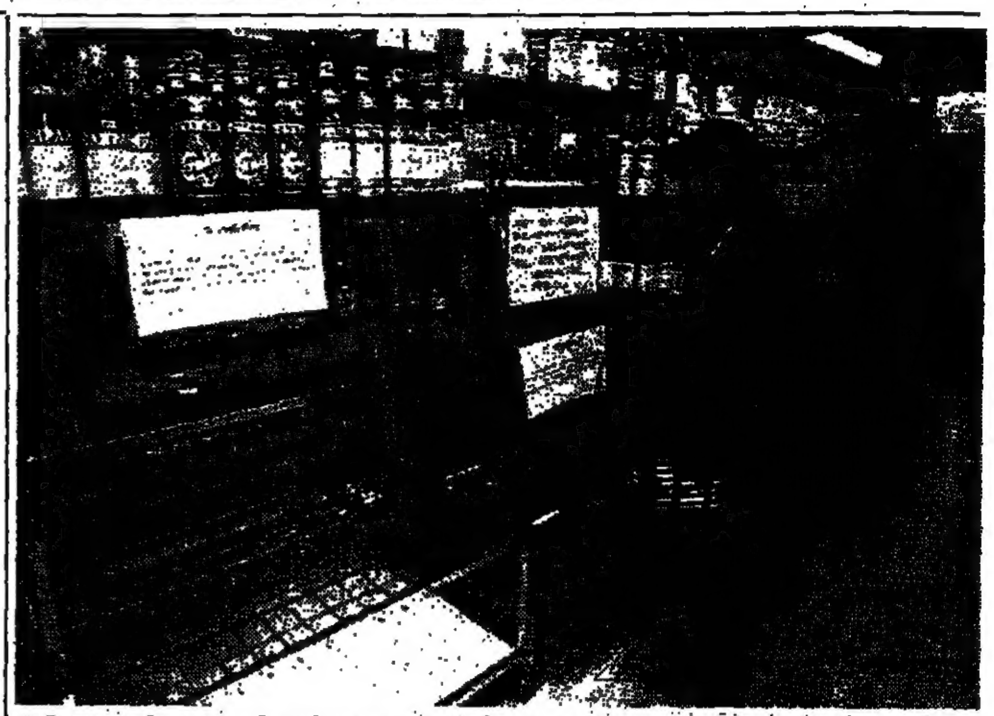
By Order of the District Court

Clerk, United States District Court
Southern District of New York

EXHIBIT "A" - The Individual Defendants: [illegible]

EXHIBIT "B" - The Partnership Defendants: [illegible]

EXHIBIT "C" - Current and Former Drexel Board Members: [illegible]



A Japanese shopper reads a sign on empty shelves in a Tokyo supermarket saying it has stopped sales of all Italian wines, some of which are suspected of being tainted with a chemical substance

# Row erupts over Japanese ban on wines from Italy

**By Stefan Wagstyl in Tokyo**

A ROW has erupted between Japanese government officials and Italian wine importers over a sales ban imposed for health reasons on 27 types of Italian wine.

The importers believe Tokyo is over-reacting to a problem limited to a few rogue producers.

The Japanese Ministry of Health and Welfare says it must act cautiously to protect consumers.

The arguments began last week when the ministry banned sales of eight kinds of wine, after the US authorities found some wines shipped to America contained traces of methyl isothiocyanate, a banned insecticide.

This week, the ministry added a further 19 wines to the list on the basis of reports from the Italian authorities after additional laboratory checks carried out in Italy. The sales bans will stay in place until the ministry has completed checks on the wines.

The ministry has also advised importers of other wines to test their wines before selling them to the public.

The importers' main complaint is that as well as containing the names of 24 individual, mostly small-scale, producers, the ministry's list names a whole region and two grape types grown in many parts of Italy. The importers say it is unfair to blacklist the wines simply because they come from the same region, or are made of the same grape, as wines from the offending wineries. Mr Mark Bedingham, president of Jardine Wines and Spirits, a major drinks importer, said yesterday: "This is over-reaction by the Japanese authorities".

Italian trade officials said they were meeting the ministry every day to provide information and ask for the general sales ban on the wines to be lifted. It was wrong to penalise thousands of Italian wineries, they said.

A ministry official said tests had to be carried out on all the wines because no guarantee could be given they were safe. Importers said the ministry's checks might not be complete until mid-May.

The ministry's action is already affecting all Italian wines. At Isetan, a leading department store, officials said all Italian wines had been removed from the shelves.

At Sabatini, a top Italian restaurant in central Tokyo, a manager said some older customers were double-checking the type of wine they were drinking. Inaccurate reporting had spread confusion, he added. "On television a story about the problem was illustrated with a bottle of a different Italian wine."

Methyl isothiocyanate can be used to control fermentation but is banned from use in food in several countries, including the US, Japan and Italy.

# US blocks attempts for better access, says Lufthansa chief

**By Andrew Fisher in Frankfurt and Nancy Dunne in Washington**

MR Jürgen Weber, Lufthansa's chief executive, yesterday accused the US government of blocking attempts to allow it and other European carriers more access to US destinations.

Lufthansa has long sought better operating conditions for European airlines in the US. It is limited to 10 cities in the US, while US airlines have wide access to airports in Germany and the rest of Europe. "The Americans are blocking us totally. They are not willing to budge towards compromise," Mr Weber said. "Equal competition between the US and European countries is simply not a subject for them."

Germany and the US have been holding talks on the bilateral aviation accord which, Lufthansa claims, favours US carriers and does not let Lufthansa compete equally. The north Atlantic accounts for some 30 per cent of Lufthansa's traffic but, like other airlines, it loses money on the route.

Mr Weber, who repeated his determination to restore profits – last year's losses totalled DM400m (£137m) – called the present state of the US-German air talks "more than disappointing". Noting the next

Weber: improvements call

meeting would be in June, he said: "I am pessimistic."

He claimed "new so-called liberalisation concepts" were being produced in the US which would help US airlines and put more disadvantages Lufthansa's way. Progress in the US would only be possible with strong political pressure, he added.

A US transportation department official said yesterday the two governments had agreed to renegotiate "because the US is interested in a liberalised agreement and more opportunity for US carriers in Germany".

# Germans and French plan power deals

FRENCH and German electricity companies intend to form joint ventures to build and manage new power stations in east Germany and France, Andrew Fisher reports from Frankfurt.

Bayernwerk, one of the German companies, said it would combine with Preussen Elektra (part of the Veba group) and RWE to set up two ventures with the state-owned Electricité de France (EdF). No financial details were available, but the German side will have the majority stake in the east German projects and EdF in the French ones.

The power plants to be built for and operated by these companies would have a capacity of 2,000MW each. In east Germany, they will probably be conventional plants based on imported coal. Nuclear plants could be built in France.

The German companies had earlier wanted to take a 15 per cent stake in EdF in return for a holding of the same size by EdF in Veag, the new east German utility. But France declined to cut its stake in EdF. The new accord provides a way round this obstacle.

Preussen Elektra, RWE, and Bayernwerk, in which the Viag industrial group owns 39 per cent and the state of Bavaria 59 per cent, will acquire 75 per cent of Veag when it is privatised by the Treuhand agency later this year.

**NEWS: AMERICA**

## Economic management thrown into chaos by President Fujimori

# Peru's austerity plan at risk as minister quits

By Leslie Crawford in Santiago

PERU'S economic management was thrown into turmoil yesterday with the resignation of Mr Carlos Boloña as finance minister and President Alberto Fujimori's dismissal of the central bank's governing board.

However, Mr Jorge Chavez, governor of the central bank, said he would not submit to the president's orders. "It is my duty to defend the autonomy of the central bank. Mr Fujimori will have to remove me by force."

At the Finance Ministry, Mr Boloña's aides said he had presented his "irrevocable" letter of resignation to the president but that Mr Fujimori had not accepted it.

Mr Boloña was not available for comment.

He is the second member of the cabinet to resign since Mr Fujimori seized dictatorial powers two weeks ago. Mr Alfonso de los Heros resigned as prime minister on the night Mr Fujimori closed down Congress and the judiciary and installed a military-backed "emergency government".

Mr Boloña's decision to quit follows a fruitless trip to Washington last week in which he failed to convince the US Treasury, the World Bank and the Inter-American Development Bank to resume economic aid to Peru. He was told there would be no help forthcoming until Mr Fujimori restored democracy.

Creditor nations and the IADB have frozen more than $1.5bn (£840m) of debt relief and development grants in condemnation of Mr Fujimori's palace coup.

Peru now faces a balance of payments crisis, as it needed foreign aid to clear its debt arrears with the International Monetary Fund and other multilateral agencies.

Mr Boloña's resignation may also signal that Mr Fujimori is preparing to abandon an IMF-inspired austerity programme that had placed the government's finances in order and curbed inflation from a monthly 60 per cent two years ago to about 5 per cent now.

Mr Fujimori is under pressure to raise military expenditure and adopt more populist economic measures to retain the loyalty of the armed forces and the majority of poverty-stricken Peruvians who supported the coup. Mr Fujimori last week pledged more than $20m to improve Lima's sprawling shanty towns and promised industry a $200m credit line to help jump-start the economy.

The armed forces on Monday reaffirmed their support for Mr Fujimori in an effort to stifle a bid by the disbanded Congress to set up a rival government.

Congress yesterday swore in Mr Maximo San Roman, the former vice-president, as the head of Peru's "constitutional government". This leaves Peru with three men claiming the presidency — Mr Fujimori, Mr San Roman and Mr Abimael Guzman, leader of the Sendero Luminoso (Shining Path) guerrillas, who is known as "President Gonzalo".

Mr San Roman's investiture will pose a diplomatic problem for a delegation of the Organisation of American States now visiting Lima. The OAS is on a peace mission to try to reconcile Mr Fujimori and the disbanded Congress. It will also attempt to persuade Mr Fujimori to adopt a rapid timetable for the restoration of democracy.

In an attempt to mollify international opinion, Mr Fujimori has announced that municipal elections will go ahead as planned in November. He has also called for a national dialogue, to begin on May 1.

Congressmen have already rejected his proposal, saying they will recognise only Mr San Roman as the constitutional president of Peru.

# Abortion issue again before Supreme Court

## Controversy is heightened in election year, writes Jurek Martin

THE US Supreme Court today once again turns its attention to the controversial question of abortion. Whatever it determines when it hands down a judgment in two or three months' time will certainly have an impact on a woman's constitutional right to terminate a pregnancy. It may even affect the outcome of this year's presidential election.

The court is to hear arguments on the constitutionality of a 1989 law passed in Pennsylvania, a strongly Catholic state. This places several restrictions on the right to abortion, including waiting periods and obligations on doctors to advise of alternatives, on minors to obtain the consent of at least one parent or a judge and, in most cases, on women to notify their husbands in advance.

The Bush administration has already filed briefs with the court in support of the law. It is opposed by the pro-choice movement, which fears that the right to an abortion, laid down in the landmark Roe vs Wade ruling of 1973, is in the process of being legally whittled into extinction.

Roe vs Wade established the "fundamental" constitutional right. It also stipulated that any restrictions on abortion imposed by the states would be subject to "strict scrutiny". Subsequent legal challenges have been designed to test this framework, rather than the principle, and this appears to be the case with the Pennsylvania law, though President George Bush is on record as wanting Roe vs Wade overturned.

The composition of the nine-member court has changed greatly since 1973, when Roe vs Wade was passed by seven to two. Of the current justices, only Harry Blackmun, a Nixon appointee and author of the judgment, and John Paul Stevens, elevated under President Gerald Ford, have consistently come out in favour of the basic right to an abortion.

The other seven, all but one Republican appointees, are presumed to favour restrictions, if not necessarily outright repeal of the law. Mr Bush has made a pro-life commitment a requirement of any judicial nomination he makes. His administration has also withdrawn US funding for several international family planning programmes.

The record of the court in recent years has been not to make sweeping law but to claw back through narrow interpretations some of the more interventionist legal edicts handed down in its great liberal activist years, which began with its school desegregation order of 1954 and lasted through the mid-1970s. In general, the court has preferred to cede authority to the states, as it did in several rulings on Monday.

Justice Clarence Thomas: the judge's vote in court could have an effect on the way the country votes later

Most experts, therefore, expect the court to uphold the Pennsylvania law, but not to bite the bullet of repealing Roe vs Wade outright. This would eventually lead the court to considering several other cases involving state restrictions on abortion now working their way through the lower courts.

If it took the course of throwing out Roe vs Wade, probably at least a dozen states would pass laws banning abortion outright. Congress would then almost certainly get into the fray by seeking to pass a law negating the repeal, thus inviting a presidential veto and provoking a constitutional crisis.

Either way, the issue will be elevated into even greater public consciousness, if that is possible. Washington this month saw a great march, of as many as 1m people, in favour of a woman's right to choose; yesterday, Buffalo, New York, was braced for possible violence as the pro-life movement began picketing an abortion clinic in the city.

Though abortion has long been a question provoking passion on both sides, it has not been a big determinant in presidential elections. However, this year an uncertain electorate looking around for reasons to vote one way or the other may consider it more important than in the past.

The political divisions are clear. All those who have competed for the Democratic party's presidential nomination believe in choice, as does Mr Ross Perot, the Texas businessman who is expected to run as an independent. The Democratic party will go into the election campaign with this commitment in its platform.

The provisional Republican party platform, echoing that of 1988 and, now as then, mostly drafted by the right wing, calls for a constitutional amendment banning abortion, which is probably rather further than some of Mr Bush's more cautious political advisers would like to go. A floor fight at the party's nominating convention in August might harm the president.

Both sides claim polling evidence that a majority of the country supports, or opposes, abortion, but there has been little real evidence of voter preference either way in this year's primary elections.

However, several prominent Republicans, such as Robert Taft, the former senator from Ohio, and Ann Stone, of the Republicans for Choice organisation, have warned of the electoral dangers of seeking to ban what many Americans now consider to be acceptable, if not desirable. Ms Stone is particularly concerned about the defection of women voters to the Democrats.

In this respect no justice will be under greater scrutiny in the Pennsylvania judgment than Clarence Thomas, whose confirmation to the court last year was surrounded by charges of sexual harassment and indisputably unpopular with women of left and right. His vote in court could indeed affect the way the country votes later.

# Disgraced mayor may revive career

MR Marion Barry, the 56-year-old former mayor of Washington, will be released from prison tomorrow after serving six months for cocaine possession, Reuter reports from Washington.

Political analysts expect Mr Barry, a former civil rights leader, to try to resurrect his political career by running for one of 13 Washington city council seats in this year's elections.

He is able to do this as he was convicted of only a misdemeanour, not a felony which would have disqualified him from holding public office.

But an election win is not certain for Mr Barry. Once considered unbeatable, with a nickname of "mayor for life," he lost badly when he ran for a city council seat in 1990 after his conviction and before sentencing.

Nevertheless, a band of supporters plans to escort Mr Barry back to Washington in a bus caravan from a federal prison in Loretto, Pennsylvania, where he spent the last few months of his jail term.

# US rocket scientist sentenced

A LOS ANGELES rocket scientist has been sentenced to 30 months in prison and fined $250,000 (£143,000) for selling classified US software used in the "Star Wars" weapons programme to Japanese and South African concerns, Reuter reports from Los Angeles.

After sentencing Mr Ronald Hoffman on Monday, a federal judge freed him on $1m bail pending an appeal.

Mr Hoffman, 52, a former employee of Science Applications International Corp of Century City, California, helped develop the software, known as the Contam System, for the US Air Force.

Prosecutors said Japanese companies and South African agents paid Mr Hoffman about $750,000 between 1986 and 1990 for the technology, which Mr Hoffman had claimed was not covered by US arms export restrictions.

The software is used to research and develop the US Strategic Defence Initiative, the so-called Star Wars project aimed at creating an anti-missile space shield.

# Polls fuel Perot's presidential hopes

By Jurek Martin, US Editor, in Washington

MR Ross Perot, the Texas businessman, will apparently go ahead with his independent candidacy for US president.

"The decision is made. I made a commitment to the American people," he said in an interview yesterday. Earlier Mr Perot had said he would run if his supporters could get him on the ballot in every state, a process as yet incomplete.

Mr Perot may be influenced by several polls suggesting he would be a real factor in the presidential race. This runs against the history of most independent candidacies, which tend to bloom in spring before withering.

The greatest concern to President George Bush and Mr Bill Clinton, the presumptive Republican and Democratic runners, is probably less that Mr Perot would win outright than that he might tip the balance in some states.

A Texas poll published yesterday, for example, found he could win the critical Lone Star state. The survey gave him 35 per cent to 30 per cent for the president, who calls Texas home, and 20 per cent for Mr Clinton, from neighbouring Arkansas.

The White House promptly dismissed the significance of the poll, saying Mr Perot was still enjoying a political "honeymoon" that might not stand up to scrutiny. A spokesman predicted Mr Bush would carry Texas.

Another national poll in Newsweek magazine found Mr Perot's support in retreat; it gave him 20 per cent, down from 24 per cent at the start of the month. Mr Bush was given 42 per cent (from 44 per cent) and Mr Clinton 27 per cent (25 per cent).

This survey also found Mr Perot doing better in the west of the country (27 per cent) than in the south (17 per cent).

# Civil disobedience call by Scots council leader

**By David Goodhart, Labour Editor**

THE LEADER of Britain's biggest local authority yesterday called for "civil disobedience within the law" to put pressure on the government over demands for a degree of self-government to Scotland.

Mr Charles Gray, Labour leader of Strathclyde regional council, called for mass demonstrations and strikes, and did not rule out "civil disobedience outside the law" if Westminster did not respond to calls for changes in the way Scotland is governed.

In a speech to the Scottish Trade Union Congress, Mr Gray said he would not follow government instructions to implement another round of compulsory competitive tendering for local government services. "We cannot accept another swathe of job losses," he said.

Mr Gray was speaking in the debate on home rule, which ended with the STUC backing a motion calling for a "multi-option referendum" on the constitutional question, offering the choice between no change, devolution and independence.

"If this government isn't going to speak to us in the united way we are demanding, maybe we are going to have to live a little dangerously," Mr Gray said.

"We have had the poll tax, compulsory competitive tendering – where I was witness to thousands of good local government people protected by trade unions being made redundant – and I'm not bloody well going to do it again."

Mr Campbell Christie, STUC general secretary, said the Conservatives had raised the constitution as a central question in the general election. "Seventy-five per cent of the Scottish electorate voted for parties supporting constitutional change. We now want to know when we are going to get that change."

The Rev Norman Shanks, convener of the Church of Scotland's church and nation committee, told the conference: "There is a mounting groundswell of concern, discontent and frustrated expectations that will not be prepared indefinitely to take no for an answer."

Canon Kenyon Wright, chairman of the executive of the Scottish Constitutional Convention, told the 500 delegates that Scots had voted in the general election for a democratic, devolved, just and sustainable society. "The Government had better listen."

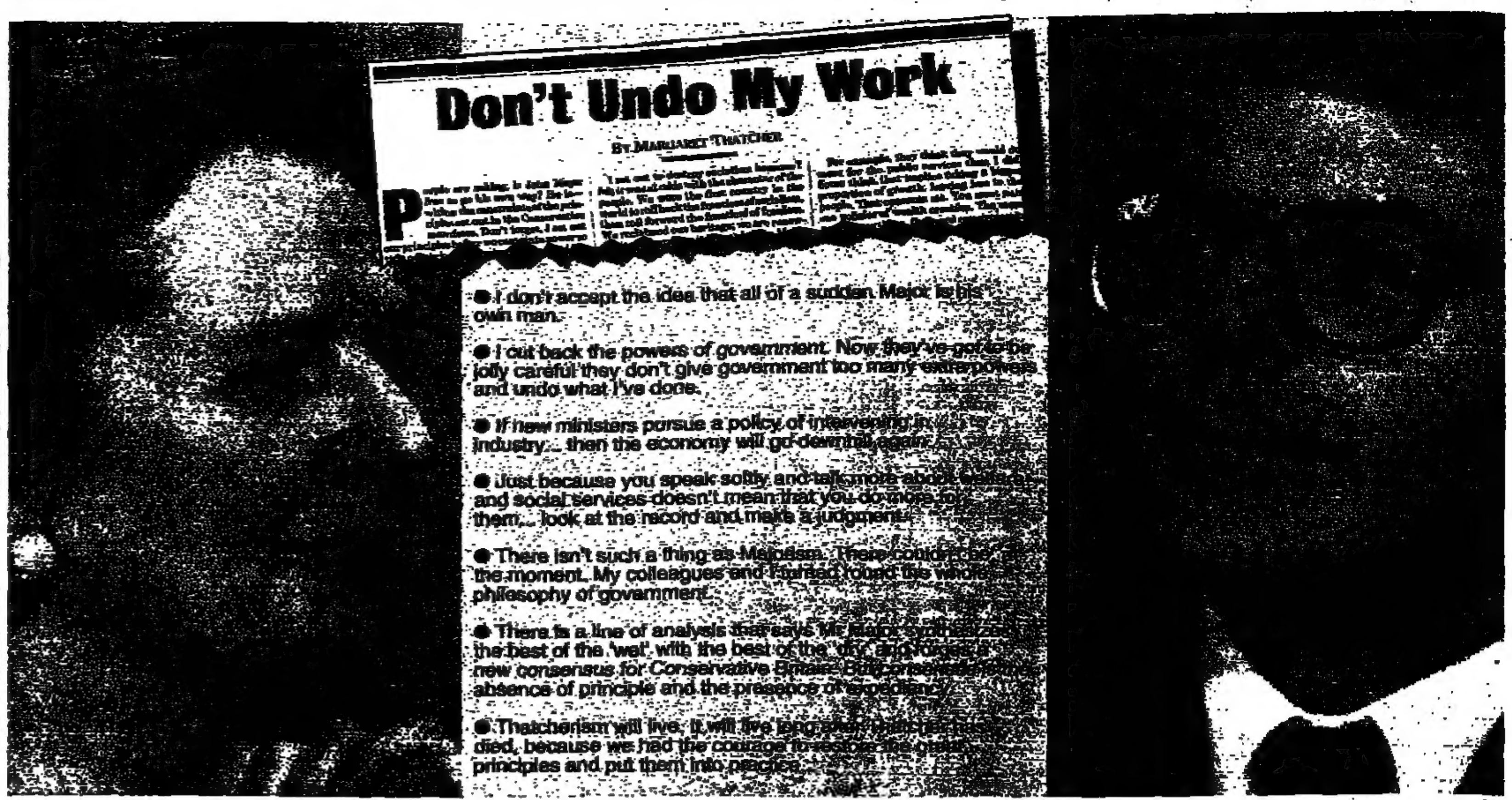
The first large-scale demonstration of public antipathy to Westminster is being planned for the December European summit in Edinburgh.

The STUC also moved yesterday to end the longstanding enmity between the labour movement and the Scottish National Party.

The STUC general council, dominated by Labour party loyalists, decided on Sunday not to invite Mr Alex Salmond, SNP leader, to address the Congress.

But a majority of delegates are clearly in favour of co-operating with the nationalists and the motion passed yesterday called for discussions with all parties ready to "co-operate with or join the Scottish Constitutional Convention." The SNP has said it will not join the convention but is ready to co-operate with it.

Mr Salmond responded yesterday by saying he would be seeking common ground with those of goodwill "including the general secretary of the STUC" whom he has invited to talks. "The SNP is willing to talk to all those who are genuine about holding a multi-option referendum as to how to ensure it is implemented."



# Thatcher tells Major: 'Don't forget, I set out our principles'

Mrs Margaret Thatcher's article, appearing in the April 27 issue of Newsweek, includes explicit warnings (above) to Mr John Major under the headline "Don't Undo My Work."

The former prime minister's article begins: "People are asking, is John Major free to go his own way? He is – within the constraints of the principles set out in the Conservative manifesto. Don't forget, I set out our principles ..."

She writes that she "set out to destroy socialism because I felt it was at odds with the character of the people" and, in an attack on the opposition Labour party, she says it was defeated because of "what that party was, and still is."

Referring to the US presidential election and the "Reagan-Bush heritage", Mrs Thatcher says of their opponents: "You always have people who take the soft option. The apparently easy way out is the way that gets you into deepest trouble.

"The lesson is, you don't soften fundamental principles."

# Leftwing MPs combine in Labour leadership bid

**By Alison Smith**

Campaign Group ticket: Ken Livingstone and Bernie Grant

THE RACE for the opposition Labour party deputy leadership widened yesterday as the leftwing Campaign Group of MPs endorsed the nomination of Mr Bernie Grant, MP for Tottenham, north London.

At a meeting at Westminster about 10 MPs from the Group, which claims a membership of around 30, also supported the candidacy of Mr Ken Livingstone, former leader of the Greater London Council, for the leadership.

The fifth MP to join the deputy leadership contest, Mr Grant is unlikely to get the 55 signatures needed for his name to appear on the ballot paper for the election in July, but his candidacy may damage the chances of Mrs Ann Clwyd, MP. Nominations close next Tuesday.

Mrs Clwyd will launch her manifesto for the deputy leadership today. There had been some speculation that the Campaign Group would support her, but the move seems to have faltered over her pro-PR stance.

*If Mrs Clwyd, Mr Grant and* Mr John Prescott all proceed with their candidacies for the deputy leadership, they might each fail to get the required number of signatures, leaving the election to be contested solely between Mr Bryan Gould and Mrs Margaret Beckett.

But Mr Grant, who was elected to the Commons in 1987, said after the meeting yesterday: "We feel the leadership has been stitched up and that there is a need for the party to be given a wider range of choice."

The Campaign Group ticket *is the most positive of the lead*ership campaigns about Labour's links with the unions.

"We are offering a choice not an echo," Mr Livingstone said. "We are committed to keeping the trade union links and rebuilding party membership." He issued a plea to socialists who had "lost heart in recent years" to return and help change the party.

Mr Jeremy Corbyn, MP, secretary to the group, said it supported a ten-point plan which *included opposition to pacts* with the Liberal Democrats and to proportional representation (PR); withdrawal from the *ERM of the European Mone*tary System; wealth distribution and cuts in defence spending together with the scrapping of nuclear weapons.

## Britain in brief

### AFG wins European franchises

AFG, the car retailing group controlled by Mr Octav Botnar, has succeeded in gaining dealer franchises from five leading European car makers in its effort to restructure in the wake of losing the Nissan franchise.

*The company has gained* franchises for 29 of its dealerships from Peugeot, Citroën and Renault, the French car makers, from Rover of the UK and from Vauxhall, UK subsidiary of General Motors of the US.

Agreement has been reached with some of these groups for the refranchising of a further 13 sites.

It is understood that negotiations are also at an advanced stage between AFG and the Fiat group, which includes Alfa Romeo and Lancia, for the Italian car maker to franchise a further group of between 40 and 45 AFG dealerships.

AFG has been forced to drastically restructure since losing the Nissan franchises at the end of last year.

### Sega seeks soccer coverage

*Sega Enterprises, the Japanese* video game maker is expected to win the auction to sponsor ITV's coverage of the European Football Championship.

In February the ITV companies announced that they wanted bids of at least £950,000 for sponsorship rights to UK coverage of the championship taking place in Sweden between June 10 and 26.

### Lloyd's may recover payout

Underwriters at Lloyd's of London – the insurance market – could eventually recover part of one of the biggest insurance payouts of the Gulf war following a judgment in the Commercial Court last week.

Lloyd's syndicates led reinsurance on a war risks policy which paid out some $300m to Kuwait Airways following the seizure of 15 aircraft by invading Iraqi forces in August 1990.

But Mr Justice Evans reaffirmed an order – originally made in February 1991 – that Iraqi Airways should pay the underwriters and Kuwait Airlines some $489m in compensation.

The ruling, however, does not spell the end of the affair. Kuwait Airways, whose total losses amounted to nearly $1bn, is pursuing both Iraqi Airways and the state of Iraq *for further compensation.*

In addition there is an outstanding dispute between the Kuwaitis and the underwriters, who were themselves faced with an original claim for nearly $1bn.

Underwriters, led by Mr Stephen Merrett, argued that cover was limited by a $800m aggregate limit.

### Theft device cuts costs

Manweb, the power supply company for Merseyside and North Wales, has slashed its losses through theft of electricity from an annual £10m to £8m by inventing a tamper-proof, unbreakable glass bubble to enclose household meters.

The bubble has helped to keep down price rises. In 1986, customers paid a hidden surcharge of £12 per household to cover theft. The figure is down to £2. Manweb says the real benefit has been more than £10 per customer because of inflation *during* the last six years.

### CBI calls for new lease law

The Confederation of British Industry, the UK employers' organisation, launched an appeal for urgent reform of the law governing commercial property leases to prevent companies being forced out of business.

The CBI wants a change in the law which allows landlords to require tenants who sell or assign leases to make good unpaid rent owed by a subsequent occupier. The Law Commission suggested changes to the law in 1988 but nothing has been done.

"Some tenants who have assigned leases have been sued for sums running into hundreds of thousands of pounds, *covering rent, service charges* and repairs after they assigned the tenancy with the landlord's consent," said Mr John Pollard, company affairs policy adviser.

### Upturn seen in house sector

Housebuilders and estate agents say there has been a modest improvement in interest from prospective house buyers since the Conservative general election victory.

The number of people visiting show houses and other properties for sale has risen by up to 20 per cent during the the two weekends since polling day according to some estate agents questioned in a straw poll by the Financial Times.

This period however included Easter weekend when sales traditionally are higher.

Easte agents, nonetheless, said that they were encouraged by the rise in interest following the election result.

### Teachers back local strikes

The National Union of Teachers' annual conference voted for local strikes to resist threatened teacher redundancies, but drew back from endorsing a national strike to protest at job losses.

*After the failure of attempts* by the executive of the NUT – Britain's largest and most militant teachers' union – to soften the line, delegates voted to support immediate strikes should members in a local area have vote for industrial action.

The prospect of disruption is real, since employers estimate that several thousand redundancies are virtually certain at the end of the current academic year.

Local education authorities, most of which are spending up to their capping limit, face tight spending constraints.

LATE FILING OF ACCOUNTS

# UK companies threatened by automatic levy

By Ian Hamilton Fazey and Richard Gourlay

AS MANY AS 15 per cent of British companies will be threatened by automatic levies from July for late filing of accounts, according to a study by KPMG Peat Marwick, the accountants.

The new system of levies will be in addition to the present fines that can be imposed as a result of criminal charges against individual directors for late filing of accounts with Companies House in London. But under 1 per cent of directors from late-filing companies were actually prosecuted in 1991.

Public companies are obliged to file accounts within seven months of their year-end, while private companies have another three months' grace. The accounts and records of directors and substantial shareholdings of all limited liability UK companies are available for public viewing at Companies House.

A check by KPMG Peat Marwick has revealed more than 22,700 companies - a mixture of public and private - were 10 months or more late in filing on April 2. The firm suspects that many companies delay filing to avoid exposing their financial difficulties to credit rating agencies and banks.

The firm looked at the 147,608 most active private and public companies which are included in a database established by ICC Lotus One Source and updated monthly from Companies House records.

Under the new system, directors of the companies concerned will still face possible personal fines of up to £2,000 each for not submitting accounts. But in the past, Companies House has had little incentive to pursue offenders because of the cost of prosecution and the fines disappearing into central government funds.

The new system means companies will be legally obliged to pay immediately and the penalties will go directly to Companies House — which is no longer a government department but was devolved to an agency under the government's Next Steps programme — to offset its costs.

The levies will be imposed when accounts are received. A 1989 amendment to the 1985 Companies Act means the offence is absolute, with no excuses permitted. Court proceedings are not needed.

The penalties are banded for lateness of up to three, six, 12 and more than 12 months. They range from £100 to £1,000 for private companies and from £500 to £5,000 for public companies.

On the basis of the Peat Marwick study, Companies House could receive at least £11.35m in penalties when accounts are finally submitted.

Peat Marwick carried out the study in order to find leads for its recovery services and considered late filing might be an indicator of trouble. The numbers discovered surprised the firm, which says they suggest that many of the companies are trying to hide trouble.

**Companies House could receive at least £11.35m in penalties when accounts are finally submitted**

Mr Alan Benzie Peat's managing partner in Manchester, said: "Many companies claim they are late because accounts have not been finalised, but there are always some late filers who delay for tactical reasons.

"Filing makes public a business's profitability and liquidity, or lack of such. This may affect credit rating and can therefore impact on a company's chances of survival. In some cases, companies may wish to conceal an auditor's qualification as to on-going viability."

Mr Benzie said late filing was yet another symptom of economic downturn and he expects many of the businesses involved to fail in the next 12 months. "Businesses are taking every action they can to continue trading in the hope of riding out the recession. Many feel that offering their accounts to public scrutiny will be the last straw that breaks the camel's back."

# Sharp rise in failure rate for UK companies

By Charles Batchelor

THE number of company failures rose sharply in the first quarter of 1992 after remaining steady on a quarterly basis throughout 1991, according to accountants KPMG Peat Marwick.

Receiverships leaped 31 per cent to 1,362 in the first three months of the current year from 1,037 in the final 1991 quarter.

One reason for the increase was a rise in the failure of retail companies forced into receivership after making an unsuccessful attempt to stave off failure with pre-Christmas and New Year sales, Peats said.

There was also an increase in the rate of finance and business services company failures.

Even if the end of election uncertainty leads to an upturn in consumer confidence and interest rates are cut there is unlikely to be a reduction in the number of company failures in the rest of the year, it said.

Manufacturing companies fared relatively better in the first 1992 quarter accounting for only 25 per cent of failures compared with nearly 29 per cent in the first quarter of 1991.

Finance and business services companies accounted for 17 per cent of failures compared with 12.5 per cent while retailing companies accounted for nearly 10.5 per cent compared with nearly 8 per cent.

The south-east of England experienced the largest number of failures — 721 — followed by the Midlands with 198, the north west with 143 and the north east with 129.

# Clearing gas pipes for competition

**Deborah Hargreaves** on plans to open British Gas's supply network to outside shippers

British Gas has supplied 60,000 quotes to competitors who want to send rival gas down its pipelines

A DENSELY-WORDED document released this month by British Gas outlining proposals for transporting gas along its pipeline network will form the basis for a more competitive gas market in the UK. If at first glance it appears an arcane paper, it could prove extremely important to the way competition develops.

The discussion paper which will be debated until the end of April before publication of a new price list in August, aims to simplify the existing transport pricing system. This largely relies on British Gas providing individual quotes to shippers which want to send rival gas down its pipelines. To date the company has supplied around 60,000 quotes to competitors.

As part of British Gas's agreement with the Office of Fair Trading on creating more competition in the market, it will hive off its gas transport business into a separate subsidiary by the end of the year.

When that happens, British Gas will have to negotiate with its own transport company on the same basis as its competitors. The regulators believe this is the only way to ensure the company does not discriminate against rivals.

But rival suppliers already say the way British Gas has structured its pricing proposals is aimed at protecting parts of its business and making it more difficult for newcomers to compete.

British Gas explains that its pricing suggestions try to iron out differences in charges for transporting gas to different parts of the country. This means that under the new system the price for sending gas over long distances could fall, while transit over short distances could rise.

In addition, the tariffs for transporting gas through the company's regional and local (low pressure) grids — mostly for delivery to smaller customers and, eventually, households when that section of the market is opened to competition in 1996 — are likely to rise moderately.

Mr Alan Marshall, managing director of Agas, one of the UK's gas marketing companies, sees the potential rise in local tariffs as British Gas's way of protecting its margins in a sector of the market it is seeking to defend.

The company is being forced by the OFT to halve its share of the industrial market to 40 per cent by 1995. Some of its rivals believe it could do this by mostly relinquishing its high volume, low-priced business rather than smaller, more lucrative customers. But the company has yet to work out details of how to reduce its market share.

Mr John Huggins, who heads the British Gas's transport unit said prices would probably rise slightly for local gas transit: "We were probably under-recovering on the low pressure grid under the existing system."

By far the most important effect on prices will be the overall rate of return that British Gas is allowed by its regulator, Ofgas, to make from the transport business.

The company is currently allowed to make a 4.5 per cent return on transport, but Mr Cedric Brown, senior managing director said "this is not an adequate ongoing rate of return."

He will be asking Sir James McKinnon, head of Ofgas for the go-ahead to increase it, probably to between five and seven per cent, which is the return British Gas' is believed to make on the rest of its domestic business.

There is some support for Mr Brown's view from the City: Mr Peter Nicol, oil and gas industry analyst at S.G. Warburg, questions why the company, with its obligations to maintain a safe pipeline system, should receive a return less than that invested in index-linked gilts.

However, Sir James points to the low-risk nature of the business for his belief that 4.5 per cent is a decent rate of return, and maybe too high.

Another point of concern on pricing for companies looking to build rival pipeline systems such as Kinetica, is British Gas' suggestion that it will lower transport tariffs over longer distances. That will make it less attractive for competitors to build new pipelines and compete with the British Gas grid.

Pricing is by far the largest concern of rival shippers which are still digesting the complex document of proposals. But the system for regulation of the transport business is also unclear and to be decided between British Gas and Ofgas.

Rival shippers will get a chance to put their views at a public meeting on April 27. Given the complex nature of the proposals and the important base they will provide for a newly-competitive market, it promises to be a heated debate.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## BUSINESS AND THE ENVIRONMENT

After years of leading the green movement, Californians have had enough, writes **Louise Kehoe**

# Backlash in golden state

President Bush, who promised in 1988 to be America's "environmental president," has hardly mentioned the words during his current re-election campaign. Instead of proposing new environmental initiatives, the president now talks of balancing environmental protection measures with economic repercussions.

This change of heart by Bush, and the apparent lack of enthusiasm for the subject among other presidential candidates, reflects a growing disenchantment with environmental regulation in the US.

This is particularly evident in California, the state which led the environmental movement in the 1980s. There are now rumblings of a "green backlash" as businesses and consumers count the costs of protecting the environment.

Despite broad interest in environmental issues, Californians tend to resent government regulation, whether it comes from Washington or from Sacramento, the state capital. The more intrusive these regulations get, the stronger the feeling against them.

California's rejection of "Big Green", a sweeping environmental regulation initiative on the 1990 ballot, signalled the trend. Today, Californians are increasingly concerned that strict environmental codes will drive businesses out of the state, with a subsequent loss of jobs and slowing of economic growth; this at a time when the "golden state" is taking the brunt of a nationwide economic recession.

The northern spotted owl, a rare bird that makes its home in old-growth redwood forests, has become the symbol of debate over the environment versus the economy. Thousands of lumber jobs in the Pacific Northwest are threatened by logging limits imposed to protect the owl's habitat.

Yet the spotted owl is only one example of how conservation rules can be at odds with the community. The livelihoods of West Coast commercial fishermen are now at stake as the state this month moved to limit fishing hauls all along the coast to protect the future of a dwindling salmon species.

**Efforts to cut air pollution from 'rib joints' got the kind of response that a ban on 'chippies' might receive in the north of England**

Then there is the case of the "delta smelt", a little fish that swims in the waters of the San Jaoquin River in Northern California, a prime source of water for the state's central valley farmers and residents of the Los Angeles region.

The delta smelt could soon be declared an endangered species, requiring expensive changes to the complex systems that shift water from Northern California to the south. To date the State Water Resources Board has struggled to satisfy legal requirements to protect fish and wildlife but has been reluctant to impose standards that thwart an economy fuelled by diversions of fresh water.

Now California's governor, Pete Wilson, has intervened with proposed new regulations intended to keep the smelt and other species alive long enough to figure out how California can have its water and fauna too. But a proposed reservoir that would hold winter rain run-off and reduce the amount of water that is currently pumped from the San Jaoquin delta – to the detriment of the smelt – has also run into a problem.

The planned site turns out to be home to a single family of rare kit foxes. It is not only big state-funded projects that are stymied by environmental concerns. Home builders and commercial developers are increasingly faced with the discovery, often by anti-growth activists, of some rare animal or plant that throws up a legal brick wall in the path of planning permission.

Mounting evidence suggests that separating rubbish does little to protect the environment

Endangered species are only part of the problem. Critics charge that environmental regulations designed to reduce California air pollution are wrapping businesses in red tape. Business executives claim that the cost of complying with some of the rules set by the Los Angeles South Coast Air Quality Management District far outweigh environmental benefits.

For example, large employers in the region are required to persuade employees to use carpools or to find alternative non-polluting transport. But McDonnell Douglas, the aerospace company, estimates that it will have to spend \$2.5m on incentive programmes to increase vehicle occupancy among company employees to an average of 1.5 to meet the SCAQMD's requirements.

Worse, the company suspects that this expenditure will have no long-term effects. Last year, for example, McDonnell Douglas loaned new bicycles to employees willing to ride to work. Although the company provided more than 200 bikes, all but about 50 participants in the programme reverted to driving. The programme cost \$100,000.

However, small businesses are the most vociferous critics of air quality regulators. Dry cleaners, furniture manufacturers, car painters, restaurants and other businesses must meet strict environmental codes in California. But sometimes the rules backfire.

Last year, the SCAQMD tried to impose its air pollution regulations on Los Angeles's "rib joints", barbecue restaurants that are popular in many communities. The regulators' efforts to cut air pollution from rib joints got the kind of response that a sudden ban on "chippies" might receive in the north of England. It was quickly dropped.

There is also growing disillusionment in California with recycling. Although sorting waste, in the office and the home, into paper, glass, plastic and aluminium "recyclables" has become habitual in many parts of the state, there is mounting evidence that this does little to protect the environment.

Recycling programmes have produced a huge supply of paper, glass and plastic waste but there are few plants that can turn this rubbish into something useful. Aluminium is the only recyclable that pays its way – it is cheaper to produce new cans from old than to make them from scratch.

Although manufacturers of many consumer products label packaging as "recyclable", few use recycled materials themselves. Sorting rubbish into recycling bins is also becoming a chore. Before disposing of an empty jar of peanut butter, for example, it must be cleaned thoroughly, which requires copious amounts of hot water and soap. The label must also be scraped off.

In addition, clear glass must be sorted from coloured glass. And it will only be truly "recyclable" if everyone else on the street has been equally careful so that the load on the "environmental truck" that collects weekly is not contaminated. That assumes that the waste disposal company can find a buyer.

If that is not enough to dent the enthusiasm of would-be environmentalists, then last summer's call to ease air pollution by not lighting backyard barbecues – a staple of the California diet – certainly was. Marin County's talk of banning perfumes in public places also raised more publicity than action.

The final straw came last December when San Francisco air quality regulators issued a call for residents to forego the traditional glow of burning logs in the grate over Christmas. But, like good environmentally-aware citizens, Californians "recycled" their Christmas trees in January. It was, after all, the easiest way to dispose of them.

# A case of buyer beware in Czechoslovakia

**Ariane Genillard** describes the environmental responsibilities which foreign investors could inherit

When it comes to pollution in Czechoslovakia, government officials agree on only one thing – the task of cleaning it up will be difficult. Consensus fades when officials from the ministries of the environment, finance and privatisation discuss the means and methods needed to implement improvements.

As the privatisation programme gathers steam in Czechoslovakia, questions have emerged on how newly privatised companies will assume environmental responsibilities and what demands will be placed upon foreign investors when they are involved.

For the federal committee of the environment in Prague, environmental issues must be tackled as the privatisation programme unfolds. Jozef Vavrousek, the environment minister, has warned against what he calls the icing-on-the-cake attitude which consists of implementing reforms first and tackling environmental issues later.

On his initiative, the federal parliament adopted in February an amendment to the privatisation law which forces local enterprises to evaluate environmental liabilities when presenting their privatisation projects to the government. Under the Czechoslovak privatisation programme, more than half of the country's enterprises have drafted privatisation projects which will place their equity in private hands.

The efforts of the environment minister aim at ensuring that government officials, when choosing between competing projects, will take into consideration plans for environmentally-beneficial investments. "We must make sure that environment issues, which have been neglected, are now factored into privatisation," says Vavrousek.

Strategies for the environmental clean-up have become urgent as private companies are created. These enterprises will be owned by a mass of scattered shareholders. More than 8.5m citizens in Czechoslovakia (population 15m) have registered to receive vouchers which will become shares in the county's enterprises. Such a diffuse ownership will provide little incentive for management to implement environmentally beneficial technologies and respect environmental laws.

To complicate matters, environmental laws have been hampered by Czechoslovakia's federal political system. Federal laws have so far laid down general principles, but follow-ups defining concrete implementations are under the jurisdiction of the Czech and Slovak republics. So far, regional parliaments have been slow to pass legislation.

Future legal proposals will tackle the possibility of creating a Superfund, based on the American model, with whole sites being cleaned-up with government funds and costs later recouped from the original polluters. An environmental tax on companies to cover clean-up projects is also under consideration. According to Miroslav Zamecnik, an adviser to President Vaclav Havel, these taxes should be used to provide soft loans for the environment.

But both lack of resources and negligence under the communist rule make it hard to identify culprits today and implement polluter-pay strategies. "It is often impossible to pinpoint who is responsible for past damages and, when you can identify a polluter, he has no money," says Vavrousek.

The problem of financial resources can be partly resolved when foreign investors are involved in the privatisation of local enterprises. Western companies are generally ready to include environmental investments in a joint-venture in order to meet EC environment standards. But difficulties arise on the question of environmental liabilities committed in the past.

"Foreign investors buying a company with potential environmental problems will want a clause in a contract whereby they will not be held responsible for damage caused before the joint-venture," says William Harter from Proctor & Gamble, which bought a Czech detergent company last year. "The government is not terribly willing to agree on such clauses. They would rather see the buyer fix the problems."

To simplify negotiations, the government recently drafted a purchasing contract which clarifies environmental policies. Foreign investors are encouraged to commission environmental audits with a recommended list of about 20 companies. On this basis, the government may pay indemnifications for a clean-up. These indemnifications cannot be greater than the purchasing price paid by the foreign buyer, however.

"If foreign buyers don't do an environmental audit, then we won't take any responsibility for liabilities they find at a later stage," says Edmond Franco, adviser to the Czech ministry of privatisation.

With the bulk of the companies in the hands of shareholders who have never been to a shareholders' meeting, and with enterprises' budgets strained by the economic transition to a free market, funds will be hard to come by on the polluters' side. Yet, under the privatisation programme, the environment becomes the polluters' problem.

# Dealing the cards for happy families

**Martin Dickson** looks at an American childcare initiative

Uh-oh – it's going to be one of those ghastly days. Cathy Jennings, a research chemist at a US pharmaceuticals company, has just woken up to find her three-year-old daughter standing by her bed, complaining of a sore head and "feeling kinda hot".

For hundreds of thousands of working women, this is one of the worst moments in trying to juggle a career and motherhood. Either they stay at home and miss a day's work or dump the child with a relative or minder, pray the fever is not too serious, and fret all day.

Result: they feel guilty either way. It might be different if Cathy were to work in New Brunswick for Johnson & Johnson, the healthcare business which has its headquarters in the New Jersey town. For Johnson & Johnson is at the forefront of a growing movement among US companies to provide much better support for employees with family problems.

Those difficulties can range from childcare to ministering to the needs of geriatric parents – an emerging problem for baby boom employees now entering middle-age.

Johnson & Johnson not only provides an on-site childcare centre at its New Jersey headquarters, as do a substantial number of US companies, but it also has its own sick bay, where mildly-ill children can be dropped off by their parents.

This is just one facet of a policy, introduced three years ago, which states that "we must be mindful of ways to help our employees fulfil their family responsibilities".

That is no idle commitment. Johnson & Johnson's other initiatives include: personal counselling and a nationwide network to help employees find services for elderly relatives; paid time off to provide emergency care for family members and up to a year of unpaid leave to look after sick dependents; subsidies to off-site childcare centres; and on-site classes in topics such as parenting, nutrition, toddler health and stress management.

Such a coherent programme is still very much the exception among US businesses, according to a recent study* by the Families and Work Institute, an independent research organisation.

This puts Johnson & Johnson alongside IBM, Aetna Life & Casualty and Corning in an elite group of four (2 per cent) of the 188 leading US companies which the institute surveyed.

The report argues that the four have an integrated, well thought out approach to the issue and a commitment to change the group's culture, linked with achieving equality of opportunity between men and women at work.

But while most companies are far less committed, the survey found that two-thirds of them had evolved some sort of family programmes, and the trend is clearly growing.

The latest annual report on US employee benefits published by the Hay Group consultancy** says that "family-oriented benefits such as long-term care, work-at-home policies, flexible hours and paternity leave are becoming more widespread," with almost 50 per cent of companies offering the latter two.

Why are American businesses suddenly embracing the family? A crucial factor is demographics. Family issues tend to be a woman's responsibility, and a surge of women into work over the past 20 years means that 45 per cent of the US labour force is now female.

The US, moreover, will face a shortage of skilled labour in the 1990s, making it more important not only for companies to hold on to skilled employees, but to make them as productive as possible, minimising absenteeism and stress.

The Families Institute argues that these factors will force a re-evaluation of some basic management tenets. For example, the idea that personal problems should be kept at home becomes "an increasingly difficult and unrealistic philosophy" when children have only one parent or both are working. It also challenges the assumption that a company's performance depends on having all its employees turn up to work every day, a conviction which prevents many US managers from granting time off or work-at-home options. "It seems counter-intuitive to managers that employees could actually produce more at home," the study says.

The Institute reckons that companies tend to pass through three stages in their approach to family issues. First, one or more executives start to champion the idea that it is in the company's interest to respond to childcare issues because these are taking a toll on productivity.

At this point, however, the management remains opposed to a serious commitment. It argues that this is not a business issue and worries that it would be interfering in individuals' lives or laying itself open to charges of inequity by providing benefits mainly taken up by women. The result is the half-baked development of one or two policies, such as a referral service for childcare.

In stage two, the company's leaders join the crusade and the business moves from piecemeal initiatives to an integrated policy covering all work-family issues.

In stage three – the pinnacle reached by Johnson & Johnson and its three peers – managements try to co-ordinate their work-family programmes with efforts to break through the "glass ceiling", the invisible culture barrier which is said to prevent many women getting top jobs.

One issue such an approach can address is the problem of men and women being penalised for taking advantage of family-friendly policies. "Work and family programmes may allow women to work fewer hours," the Institute explains, "perhaps inadvertently creating a 'mommy track' where women are seen as less committed and less worthy of promotion. A higher turnover rate among women than men has been the impetus for companies to try to reconcile these two streams of corporate action."

The path which led Johnson & Johnson to its new policy is instructive. The pharmaceutical industry generally leads other sectors in its development of work-family programmes, presumably because it is particularly dependent on a highly educated workforce conducting research which can take many years to come to fruition. It needs to woo the best scientific talent and then retain it.

Johnson & Johnson had another imperative: its strong presence in the market for baby products gave it the image of a company with high ethical standards, which served families and was good to work for. However, by the late 1980s the company found its marks were not as high as it wished in annual surveys of the best companies for working mothers, and it began to feel it had to do more to attract and keep the best employees.

The result was a comprehensive review of its policies and employees' needs which threw up some surprising statistics.

A survey of workers in New Brunswick, where it has seven businesses, found that 45 per cent had missed at least one day of work in the preceding three months because of a breakdown in childcare arrangements; 53 per cent were late to work or left early because of childcare problems; and 9 per cent had responsibilities caring for the elderly, 59 per cent of whom reported that this interfered with work.

The upshot was a raft of new initiatives, including a change in the company's "credo", or statement of values, to include workers' family responsibilities. And in an effort to change the corporate culture, it became one of the few US companies to train supervisors in handling work-family issues.

The idea is that employees are responsible for making sure their work gets done, and for suggesting ways this can be achieved, while supervisors provide the necessary flexibility.

The Families and Work Institute is carrying out an follow-up investigation of Johnson & Johnson's programme for the company, to determine its benefits and what needs to be done next. The early results suggest that the scheme is far from perfect. For example, employees suspect that supervisors are not so keen on flexibility as the supervisors themselves claim to be.

But the study also provides evidence that work-family programmes can have an appreciable impact on a company's hire power. A poll of employees found that "the effect of the job on personal relationships" was the fifth most frequently-cited reason for taking a job at the company and the fourth most important for staying.

* *The Corporate reference guide to Work-Family Programs. Ellen Galinsky, Dana Friedman and Carol Hernandez. Families and Work Institute, 330, Seventh Avenue, New York, NY 10001. Price $149.*

***The 1991 Hay/Huggins Benefits Report. Published by HHBR Survey Unit, 229 South 18th Street, Philadelphia, PA 19103-6138. Price $695.*

# Why smoking is a burning issue

**By Dr Michael McGannon**

HEALTH CHECK

Cigarette smoking is the single most important cause of preventable disease. It is one of the biggest contributors to the number one killer in developed countries: heart disease. The average smoker lives five to eight years less than non-smokers. Smoking one packet of cigarettes a day increases the risk of heart disease threefold, and that of lung cancer fivefold.

Cancers of virtually every part of the body are increased by smoking cigarettes: mouth, larynx, oesophagus, stomach, bladder and so on.

Women who were once relatively safe from heart disease until they reached the menopause, are now approaching and surpassing men in some cancers because of smoking. According to a study published in the Archives of Internal Medicine (USA), one woman smoker in 10 can expect to contract stomach cancer over the next 13 years.

One need not even be smoking actively to suffer the consequences: evidence published in the American Heart Association Journal, Circulation, revealed that in the US alone, 53,000 non-smokers die each year from diseases caused by the passive inhalation of tobacco smoke. Office workers are particularly vulnerable.

How do cigarettes kill us? There are more than 4,000 identifiable substances from cigarettes and their filters going into the lungs of smokers. The lists includes ammonia (detergent), cyanhydric acid (used in the Nazi gas chambers), acetone and toluene (solvents), methane (swamp gas), carbon monoxide (a constituent of car exhaust gas), DDT (insecticide) and at least 10 cancer-causing substances, including polonium (which is radioactive) and cadmium (a heavy metal used in car batteries).

The danger is starting to be appreciated in the west, but only very slowly. According to the World Health Organisation, between 1970 and 1985, smoking fell by 9 per cent in the US, and 25 per cent in the UK. However, in developing regions, the trend is in the opposite direction with smoking up by 42 per cent in Africa and 22 per cent in Asia.

Cigarette companies are fighting hard to make sure people continue smoking. According to Advertising Age, in 1986 Philip Morris and RJR Reynolds were the second and third biggest buyers of advertising space. Tobacco companies target children with emotionally powerful messages, aimed at turning them into life-long consumers and faithful clients.

But what is to be done for those who want to stop?

**BEFORE QUITTING**

- Develop a new reward system. Stop viewing cigarettes as a reward for a long day or a job well done. Buy yourself something, or treat yourself to a massage.
- Plan some activity for the times that you smoke. Many managers smoke during lulls in the action because of boredom. Giving up while on holiday is a bad idea: most people start again as soon as they get back to the office.
- Keep a smoking journal. Most smokers underestimate how much they smoke. Make a note of each cigarette you have, putting a star next to any you enjoyed. Most managers who smoke seem to enjoy only about one in 10 of the cigarettes they smoke.
- Never smoke blindly. Smoke only to the exclusion of all other activities, being aware of what you are doing to yourself.
- Smoke your first cigarette an hour later every day.

**ONCE YOU HAVE QUIT**

- Stand up for your new rights. When people ask you if you mind if they smoke, say "yes".
- View yourself as a long-term non-smoker. You have to stay vigilant forever: if you fall off the wagon and have a cigarette, don't use it as an excuse to have a second and a third.
- When you feel like smoking, don't drink alcohol which lowers your resistance to cigarettes.
- Compensate for previous damage from cigarettes with exercise.

*The author is the medical director of the Insead Business Health course.*

## BANKING FINANCE & GENERAL

# FT LAW REPORTS

## Digest of Hilary Term cases

**ITALIA EXPRESS**
**(FT, January 14)**

A vessel was sunk outside Piraeus harbour and the underwriters alleged that there had been a plot to blow up the ship. They wished to prove the original conspiracy by means of surreptitious tapes of conversations of those involved, including the divers allegedly responsible. At first instance, it was held that the tapes were not admissible in evidence under the Civil Evidence Act 1968. Allowing the appeal against that decision in part, the Court of Appeal stated that insofar as the tapes related to evidence of facts stated by one of the alleged conspirators, GDV, who knew that the conversations were being taped and who supplied the tapes, GDV was quite deliberately making simultaneous statements both orally and in a document. Subject to production and proof of the tapes or authenticated copies, the statements of the other interlocutors would not be evidence of facts stated but, in so far as they proved the context in which GDV's statements were made, would be evidence of that context.

**DEUTSCHE BANK AG v IBRAHIM AND OTHERS**
**(FT, January 15)**

The bank claimed in an action in December 1991 for a declaration that it had valid equitable mortgages of two leases owned by the daughters of the defendant as security for their father's overdraft. The claim was refused on the ground that section 4 of the Statute of Frauds was not satisfied in that there was no memorandum in writing by the daughters to support the loan. Allowing an application to recall that judgment to hear further argument, Mr David Neuberger QC stated that the bank had sent draft memoranda to the daughters for signature. However, that was insufficient to satisfy section 4. The court had found that the memoranda were received by the daughters, but were never acknowledged by them, nor executed by them in any way. It would be quite wrong to infer approval on the daughters' part, whether of the memoranda generally or of inclusion of their names. Moreover, the bank could not bring the facts into the class of cases where section 4 could be said to have been used as "an engine of fraud". The daughters' counterclaim for the delivery of the title deeds for want of consideration succeeded.

**IN RE LONDON UNITED INVESTMENTS PLC**
**(FT, January 17)**

In October/November 1990, the secretary of state, in exercise of his powers under section 432(2) of the Companies Act 1985, appointed inspectors to investigate the affairs of a company, LUI. Mr Wilson was a director of LUI but had refused to answer the inspectors' questions, invoking the common law privilege against self-incrimination. Moreover, he contended that it was improper for the secretary of state to appoint inspectors to investigate matters which were the subject of allegations of fraud because it was more appropriate that suspected crimes should be investigated by the Serious Fraud Office or the police. Dismissing an appeal against a first instance decision that the refusal to answer was unjustified, the Court of Appeal stated that under the provisions of the 1985 Act, as amended by the Companies Act 1989, (i) inspectors would in very many cases have been appointed where the circumstances suggested fraud; (ii) persons questioned were bound to answer their questions; and (iii) the inspectors' report might lead the secretary of state to petition for winding-up or to proceed in the company's name in the public interest.

**ROYAL BANK OF SCOTLAND v CASSA DI RISPARMIO DELLE PROVINCIE LOMBARD AND OTHERS**
**(FT, January 21)**

The Royal Bank of Scotland claimed reimbursement on a letter of credit as confirming bank, subject to the Uniform Customs and Practice for Documentary Credits 1983 Revision, where reimbursement was to take place in New York. However, when the bill was still current, the issuing Italian banks had received information to the effect that the documents might be false because the underlying transaction was said to be fraudulent. Service of proceedings on the issuing banks was set aside at first instance on the ground that the English court had no jurisdiction to hear the claims under the Civil Jurisdiction and Judgments Act 1982, article 5 of which stated that, with regard to contracting states, a person may be sued "in the court of the place of performance of the obligation in question". Dismissing the Royal Bank of Scotland's appeal, the Court of Appeal stated that the "obligation in question" for the purposes of article 5 was the obligation to effect reimbursement, and that was an obligation which was due for performance outside the jurisdiction of the English court.

**RE SHOE LACE LTD**
**(FT, January 22)**

An application was made by the liquidator of Shoe Lace Ltd for return of company funds paid to another company, Sharp Investments Ltd, which held 80 per cent of Shoe Lace's issued share capital. Section 245 of the Insolvency Act 1986 provided that a floating charge created within two years before the onset of insolvency in favour of a person connected with the company was invalid, except to the extent of consideration paid for creation of the charge "at the same time as, or after, the creation of the charge". The floating charge was created within two months before the onset of insolvency in the instant case where Sharp controlled Shoe Lace and so was a "connected person" within the section. No businessman, having knowledge of the kind of time limits imposed by the Insolvency and Companies Acts and using ordinary language, Mr Justice Hoffmann stated in granting the application, would say that the payments had been made at the same time as execution of the debenture in the present case.

**MARC RICH & CO AG v SOCIETA ITALIANA IMPIANTI**
**(FT, January 24)**

In a dispute over the sale of a cargo of oil by the defendant to the plaintiff, the contract having been negotiated in Italy, the plaintiff sought leave to appoint an arbitrator in London. The defendant issued proceedings in Italy where it was held that there was no arbitration agreement. Article 1(4) of the Civil Jurisdiction and Judgments Convention 1968 provided that the Convention did not apply to arbitration and the Court of Appeal, on the plaintiff's appeal against a dismissal of its application to restrain the defendant from pursuing the action in Genoa, referred to the European Court questions on whether the exception under article 1(4) extended to litigation as to the initial existence of an arbitration agreement. The ECJ held that the exclusion did extend to litigation, which was pending before a national court and which concerned the appointment of an arbitrator, even if existence of an arbitration was a preliminary issue in that litigation. In light of that answer, the Court of Appeal stated, the plaintiff's appeal against a setting aside of leave to serve on the defendants outside the jurisdiction would be dismissed.

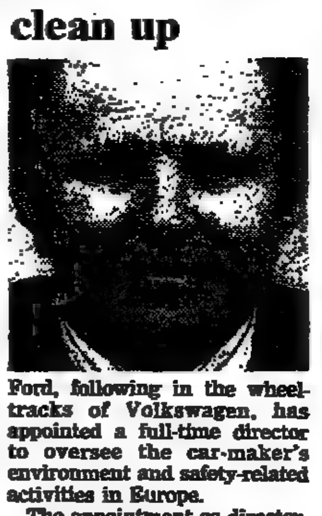
**CHANNEL TUNNEL GROUP LTD & ANOTHER v BALFOUR BEATTY CONSTRUCTION LTD & OTHERS**
**(FT, January 29)**

The defendant contractors (TML) appealed against a decision in an action in which Eurotunnel had issued a writ against TML, claiming an injunction restraining it from suspending work. No order was made on an undertaking that TML would not suspend work except on 14 days' notice. The judge also dismissed an application by TML that the action be stayed in favour of arbitration. Clause 67 of the contract provided that any dispute should first be referred to a panel of independent experts and that "the seat of such arbitration shall be Brussels". Allowing TML's appeal, the Court of Appeal stated that some of the parties were not English but French, and they had all agreed to arbitrate in Brussels. The court was therefore not concerned with a domestic arbitration agreement (see section 1(4) Arbitration Act 1975). Whether or not there was jurisdiction, an interim injunction should not be granted when the parties had agreed to arbitration in a place outside England and there was an arbitrable dispute between them.

**Aviva Golden**

# PEOPLE

## Ford seeks to clean up



Ford, following in the wheel-tracks of Volkswagen, has appointed a full-time director to oversee the car-maker's environment and safety-related activities in Europe.

The appointment as director, environment and safety, of Austrian-born Walter Brandstetter, 52, underlines the increasing importance environmental issues are assuming to all Europe's car-makers, as pressure mounts on them to produce "cleaner", more economical vehicles, to use less energy and materials to make them, and finally recycle efficiently the nearly 15m cars Europe scraps each year.

Brandstetter, who received his doctorate at Vienna's Technical University and who has previously combined technical stints at General Motors and Volkswagen with a career in lecturing, will have a similar role at Ford to that of Ulrich Steger at Volkswagen. Steger became Volkswagen's full-time head of "green" affairs last year; the first appointment of its kind in Europe.

Since joining Ford in 1988, Brandstetter has been head of engine engineering at Ford in Germany, and thus has also played a significant role in the development of new engine families like the Zeta, on which Ford is relying heavily to restore its lacklustre reputation for engine development inside Europe.

He will continue to be based in Germany, where he was recently made an honorary professor by Lower Saxony's Minister of Science and Culture.

## ICI challenge for Brogden

Michael Brogden, a chemical engineering graduate from Leeds University, will need all his skills in alchemy to transform ICI's Chemicals and Polymers division where he has just been appointed chief executive officer.

The division is ICI's most pressing problem. From peak profits of £452m in 1989, it crashed into losses during the last quarter of 1991 and is expected to report further losses during the first quarter this year. Its plight is not helped by the state of the bulk chemicals sectors, such as plastics and petrochemicals, which are in trouble generally.

ICI explained that Brogden, who is on holiday, would not want to talk about his plans until he had spoken to the employees. A former general manager of personnel at ICI's group headquarters, he will probably continue scaling down the workforce; the division has already said it wants to cut 4,700 jobs from its 38,000 workforce.

Brogden may also want to continue the policy, established by his predecessor, Ralph Hodge, of disposing of non-core businesses. Both the salt and the soda ash businesses have been sold in recent months. There are also rumours that the division could be sold or or floated.

■ Stephen Howard, chief executive of group corporate development at COOKSON, has been appointed a director and chief executive of the engineered products division. Howard graduated from the University of Michigan Law School and joined Cookson America in 1985.

■ Bob Muir and Adrian Busby have been appointed chief executive and deputy chief executive, respectively, of Booker Belmont Wholesale. Terry Noble has been appointed chief executive of the Food Service Group. These moves follow the splitting of BOOKER's food distribution business into two parts.

■ Alan Marshall, who had been responsible for Sims Food Services before it was sold, has been appointed md of RUSSELL HUME, a division of the Sims Food Group.

■ Michael Day has become company secretary of VSEL CONSORTIUM in place of Julian Davies who has been appointed finance director of its subsidiary Cammell Laird Shipbuilders.

■ David Jenkinson, md of The Catering Guild, is also appointed md of Vendepac; both are subsidiaries of the TM GROUP.

■ Malcolm Naylor, formerly sales and marketing director of Baxi, has been appointed marketing director of Potterton Myson Boiler Group, part of BLUE CIRCLE Home Products.

## Banking on a weekly audience

Robin Moser, chief executive of Alexanders Discount, will be going to see the Governor of the Bank of England more than most people in the City over the next couple of years. As the new chairman of the London Discount Market Association his job is to call on the Governor every Thursday afternoon and brief him on the views of the London money markets.

Moser, 44, who still wears a top hat on his way to his Thursday meeting at the Bank, inherits a tradition which started when Montagu Norman became Governor in 1920. The discount houses had formed their own committee during the 1914-18 war and when peacetime came Norman decided to formalise his weekly meeting with the chairman of the committee. Thursday afternoon was chosen as it followed the weekly meeting of the Bank of England court, when Bank rate was published, and Friday's treasury bill tender.

When things were difficult, the chairman would occasionally bring another member of the committee along with him. By 1929 "difficulties" had become so frequent that it became accepted that the deputy chairman would always attend; Moser is therefore accompanied by his deputy, Michael Walker, 43, managing director of Clive Discount. Traditionally, the two discount house men met the Governor and the principal of the Bank's Discount Office. However, this responsibility now falls to John Townend, head of the Bank's gilt-edged and money market division.

Although the importance of the discount market is not what it was in Montagu Norman's day, the fact that the Governor of the Bank still continues with the half-hourly meeting every Thursday suggests that it serves a useful purpose. "People are always saying that the discount market is on its last legs," says Moser, "but you can't write us off just yet." He is confident that his successors will still be in business well into the next century.

However, the job does have one drawback. Moser has to walk around the rest of his discount house members before his Thursday meeting, and following his talk with the Governor he cannot get involved in decisions about his own firm's position taking until after the Friday treasury bill tender.

# LETTERS TO THE EDITOR

Number One Southwark Bridge, London SE1 9HL
Fax 071 873 5938. Letters transmitted should be clearly typed and not hand written. Please set fax for finest resolution

## The FT and the British election: wrong, wrong but for the right reasons and right

*From Mr Peter Morgan.*

Sir, I was dumbfounded by the conclusion reached in your leader on election day.

Britain is a capitalist country. One only has to look at the shadow Budget to see that its effect would have been to erode the basis of capitalism. It would also have turned inward investment into outward investment, which would have been a disaster for the growth of the economy.

Peter Morgan,
*director general,*
*Institute of Directors,*
*116 Pall Mall,*
*London SW1*

*From Mr F-X Leduc.*

Sir, Your paper was certainly entitled to recommend voting for whomever it pleased, even Labour.

However, are you aware that radio channels in my country, most of them subsidised and hence influenced by the existing Socialist government (moreover, soundly defeated in most recent regional and district elections), promptly used your article to, in my view, herald the benefits of socialism.

I expect our daily, enlightened, companion – the FT – to be more aware of its own international influence and use it with more discrimination.

F-X Leduc,
*6 rue du Sylvain Colinet,*
*77300, Fontainebleau,*
*France*

*From Mr C R E Brooke.*

Sir, In addition to the comments in other newspapers about your unexpected pre-election editorial, you have no doubt received lots of expressions of surprise and dismay from your business readers. Certainly most will have been shocked that the newspaper which is so cherished by industry, commerce and the City should have actually suggested that a Labour victory was preferable.

In my view, you are to be warmly congratulated, but not because I think your advice was right. Indeed, in my view it was quite misconceived. It is, of course, desirable that we should not end up with one party permanently in government and the others permanently in opposition, but I believe that the Labour party has a good deal more learning and forgetting to do before it can be entrusted with government. It may well be that this will now happen and your advice, if it were then the same, could more safely be followed next time.

However, the point is that you demonstrated once again that splendid independence which has always characterised the editorial columns of your newspaper. As you know, I was privileged to be a director both of the Financial Times and your parent company for eight years. I sat on the board with such great men as Lord Drogheda, Lord Gibson and your famous predecessors, Sir Gordon Newton and Fredy Fisher.

While we would occasionally gossip at board lunches about matters of political and commercial interest, there was never any attempt to influence editorial policy. I am sure that this would also have been the case on this occasion.

I repeat, therefore, that while I disagreed strongly with your editorial advice I support totally your right to proffer it.

C R E Brooke,
*Candover Investments,*
*20 Old Bailey,*
*London EC4M 7LN*

*From Mr Hugh Marsden.*

Sir, I have fully appreciated the identifying feature of the Financial Times being pink in colour but I had not realised how indicative it was.

Your leading article "The day of decision" in your edition the day of the election ends with a bias towards the Labour party – risking change for the sake of it.

If you have reasonable memories of the 1960s and the 1970s you will remember what "grey days" they were with union leaders and politicians hogging the headlines and telling us how to run our lives.

There was no pride in being British and our industry was very unimpressive with low morale.

We live in a different world today, although it may not be a better world for many.

However, there have been many achievements which I feel the press and the politicians might willingly recognise, whatever their colour or creed.

My disappointment in the general election was that the politicians failed to raise any proper debate upon which we should decide for whom to vote. This is surely only surpassed by the failure of the press properly to draw this to the attention of the public.

The record of the Labour party in government has not been very satisfactory, nor indeed has any other party. The purpose of any government is to provide a stable background in which we can lead our lives and prosper.

On the social front, it is important to help those most in need efficiently and without wasting taxpayers' money. The eventual question, to be answered surely, is do you trust Labour to spend your money better than the Conservatives.

Certainly Labour will spend more of your money! This factor decided my vote!

Hugh Marsden,
*S P Angel & Co,*
*BIIBA House,*
*14 Bevis Marks,*
*London EC3A 7NT*

*From B J N Taylor.*

Sir, Happily, in my view, a majority of voters ignored your leading article "The day of decision" when making their own decision concerning their vote in the general election.

In common with all of your readers, I now have, I hope, five years in which to seek to recover from the shock engendered by your proposal that a modernised Labour party should receive the nation's confidence.

How you could, in the same column, set forth a statement of the Financial Times's values and a preference for a Labour victory, is beyond me. I am so relieved by the fact that enough of the people did accept the contention that the risks attendant upon a change were, in truth, of such significance and downright danger as to be unacceptable, that I might feel able to continue to subscribe for your paper.

B J N Taylor,
*Copthorne,*
*Wrens Hill,*
*Leatherhead,*
*Surrey KT22 0HJ*

*From Mr David Henkel-King.*

Sir, Thank you for your careful leader analysis and Labour recommendation, which, despite the election result, shows that at least someone is keeping a clear mind. As an Englander who has already left England, all the talk of "keeping socialism out" in the UK looks rather odd to me here in Austria where the government is a conservative/socialist coalition led by socialist chancellor with a doctorate in banking. Such a comparison would probably be lost on some of your letter writers of April 10 who continue to use the word "socialism" as if the Cold War hadn't ended. As far as political stance goes, it seems to be forgotten that the FT recommended the Tories in 1987.

David Henkel-King,
*SGP-VA Gmbh,*
*Siemensstrasse 89,*
*Vienna 1211, Austria*

*From Mr David Allingham.*

Sir, Following your editorial supporting the Labour party in the election I have cancelled my regular order for the FT.

I do not support the left in politics. Therefore, as it is all too obvious the FT feels that way inclined, I have no alternative but to cease taking it.

David Allingham,
*White Hall,*
*Sydersione,*
*King's Lynn, Norfold PE31 8SB*

*From Mr Richard Morgan.*

Sir, Congratulations on your pre-election editorial, concluding, marginally, with advice to vote Labour.

Not that I agreed with you; I didn't. But I admired the fearless way with which you reached and published a judgment that was unlikely to be shared by most of your readers. This action increased the confidence which I already felt that your editorial stance would be based, not on prejudice, but on relevant facts as you saw them – unlike nearly all other press editorials.

Richard Morgan,
*11 Malbrook Road,*
*London SW15 6UH*

**Further Letters to the Editor appear on page 17.**

TELEVISION

# Tears for the clowns

HOW SAD – almost unbelievable – to have lost Benny Hill and Frankie Howerd, the last two great clowns of their generation, probably (as it seems at the time of writing) on the same day.

Happily Hill had at least lived long enough to see his show restored to ITV where, even as a repeat, it was once again winning big ratings. A few years ago he was taken off British screens thanks to the influence of feminists and politically correct "alternative" comedians who, in the mindless mantra of the times, accused him of "sexism".

The continued and growing popularity of his old series, with their pantomime humour and simple comic songs, in 100 countries overseas must have helped sustain his pride and eventually persuaded Thames TV of the absurdity of suppressing his work in his own country. Scarcely changing in nearly 40 years (Hill was 67) his shows had unparalleled success in attracting huge audiences for both BBC and ITV. Only Morecambe and Wise came anywhere near his long term popularity.

Howerd (who was born Howard, in York not London, though he grew up in Eltham, and according to his manager was 75 and not 70 when he died on Sunday) was much less identified with television. He was clearly most comfortable performing with a live audience.

At the Garrick in London's West End two years ago he had the audience, consisting almost entirely of teenagers, working for him like a chorus. "No, please! It's not funny", he would say, pursing those expressive lips and nodding his head back towards his accompanist, and the audience would finish the line with him: "It's *wicked to mock the afflicted!*" With a silly beam he would ask "Isn't it whimsical?" And then, with a frown, "Isn't *it*?" and the chorus chanted "Well, please yourselves".

It is easy to describe his routine but, as with all great stand-up comedians, impossible to analyse its success. How did Howerd make "Ooh no, missus!" so funny? His television work, notably as Lurcio the slave in *Up Pompeii*, was as vulgar as anything Hill ever did. Both owed much to the style of Max Miller; they challenged you to admit to the mischief in your own mind. However rare Howerd's television appearances, they will be terribly missed. With Eric Morecambe and Tommy Cooper already gone, Hill and Howerd represented just about the last of a great line.

* * *

Channel controllers clearly consider Easter a good time for bringing out enormously long programmes. Did you sit right through the four hours five minutes of *The Undeclared War* on BBC2? I tried, really I did. Marcel Ophuls has proved with *Le Chagrin et La Pitié* and *Hotel Terminus* that the French can make huge engrossing documentaries about their wartime experiences, and several of Bernard Tavernier's feature films (especially *Life And Nothing But*, shown by BBC2 on Monday) have been extraordinarily powerful. So his vast documentary about French conscript experience in the Algerian war might have been compelling, but actually it sent me to sleep. Three times.

How about Jana Bokova's *Argentinian Journey*, shown in *Arena*? At least this was split into three episodes, each lasting 60 minutes on successive nights, but it, too, had me nodding by the time we were introduced to the umpteenth ethnic drummer in Part 3.

To be fair, Bokova's visual style has a stark purity which you rarely find these days outside the work of still photographers, and her pictures of Argentina were beautiful and deeply involving. But the drumming was so much more monotonous and unimpressive than the guitar playing.

* * *

There is perpetual talk about the death of the single play on television; yet BBC2 has just completed a run of 12 single dramas in the *Screen Two* series which has proved what a virile form it remains.

Titles in March and April have included *Truly, Madly, Deeply* with Juliet Stevenson's endearing performance as a young woman who recalls her lover as a ghost; *The Last Romantics* in which Nigel Williams somehow fashioned the Quiller-Couch/Leavis cultural war into a readily comprehensible drama; and this week, in a fitting climax, an adaptation of Muriel Spark's *Memento Mori* which was like an OAP victory parade: Michael Hordern, Stephanie Cole, Thora Hird, Cyril Cusack, Maurice Denham, all were superb. It will be astonishing and pleasing if 1992 produces any drama to beat this for sheer enjoyment.

* * *

We are told that the BBC is thinking of employing Saatchi and Saatchi to advertise its programmes because *The Camomile Lawn* on Channel 4 achieved an audience of 7.9m following a £100,000 advertising campaign. This is a bit like saying that Rodney died two minutes after drinking a cup of tea, without mentioning that he was run down by a bus. What *The Camomile Lawn* argument omits is that the drama starred Felicity Kendal and featured lots of rumpy-pumpy. Advertising or no advertising, it would have attracted a big audience.

* * *

Anna Raphael's programme about the model and would-be guru "Rytasha" in Channel 4's *True Stories* was a beautifully straight-faced put-down of what appears to be an outrageous example of superciliousness and hypocrisy. This latter-day Lady Bountiful swans about Bangladesh distributing charity collected from the bickering matrons of Palm Beach and having her feet bathed by her "disciples". However, the programme offered yet another example of the disadvantages in having neither on-screen reporter nor even a voice-over: surely every viewer wanted to know why this woman wears such weird turquoise contact lenses, and why she has two black dots on the end of her uncannily pointed nose.

* * *

How despicable of politician John Gummer to attack the BBC for screening a programme – *Heart Of The Matter* – giving a platform to those clergymen who discount the supernatural elements of Christianity and see the old stories, such as the resurrection, as metaphor.

Day in day out, year in year out, the BBC serves as chief proselytiser for Christianity in Britain, despite the fact that Christians are not even the largest church-going group any more. In a country which aspires to freedom of expression and plurality of views it is a disgrace that the national broadcasting organisation should align itself with just one of the popular religions. You can imagine the fuss politicians would make if the BBC aligned itself with just one political party. Yet here is Gummer attacking the Corporation for providing one programme which, even though it is concerned solely with Christianity, does not happen to reinforce the beliefs of his particular faction.

**Christopher Dunkley**

Theatre

# A Little Night Music

If Plymouth's Stephen *Sondheim* is less appealing than Leicester's, the fact is that *A Little Night Music* is in itself a less enticing proposition than *Merrily We Roll Along*. It came some nine years earlier in the Sondheim *oeuvre*, and the idea of setting Ingmar Bergman's romantic film-comedy *Smiles of a Summer Night* to waltz-time got a brittle realisation, one that needs all the stage help it can get.

Roger Redfarn's Plymouth production has its merits. There are pretty sets by Martyn Bainbridge: a decayed proscenium arch, trellises, a large mock-rococo fresco, shadowy trees outside Grandmamma's chateau (far too many bright stars, though, for a midnight-sun night). Reduced to two pianos and a cello, all commendably expert, the score sounds brittler than ever – pastiche operetta, even G&S, with ingenious rhymes over mildly queasy waltz-harmonies. One misses the original string ensemble. The one surefire number, "Send in the Clowns", comes near the end; there is nothing so memorably apt and infectious as "Old Friends", midstream in *Merrily We Roll Along*.

The real trouble, however, lies with the adaptation (by Hugh Wheeler and Sondheim). In Bergman's comedy, quite naturalistic and slightly cruel, a weary, unglamorous lawyer, with a still-virgin bride of 11 months, competed with an icily formidable Count for the favours of a famous actress (the irreplaceable Eva Dahlbeck). In the musical the Count is only a blustering dunderhead and the equally icy Countess a lachrymose Wronged Wife; the lawyer becomes a mature romantic hero – attractively played here by Gary Raymond, sung at variable pitch.

Rula Lenska puts a credible face on the actress, and Richard Lyndon and Deborah Grant do their best for the sadly *déclassé* aristos, but the tense class-divisions go for nothing, leaving the story lamed. Worse, for Broadway the ultra-dignified Grandmamma – once a famous courtesan – was turned into a raunchy old dame, a coarse Lady Bracknell. Though Hermione Gingold just about got away with it, this gross cartoon lies well outside Eileen Page's more delicate range.

Kate Arneil's lusty maid is fetching, and Dermot McLaughlin makes something of his under-written role as the lawyer's greenstick son (piety sabotaged by rampant adolescence). The child-bride is Lisa Hollander, who sings and smiles charmingly, and delivers each new line as if it had nothing to do with her last one.

**David Murray**

Plymouth Theatre Royal. Runs until 2 May.

# Charlemagne

Sarah Miles' first play, *Charlemagne*, is a bold swipe at the issues surrounding transvestitism and transexuality. Beneath the shouts and the violence, she has written a fine, tense play about an unusual subject. If it lags conceptually, it is never emotionally or visually dull; and it is superbly acted.

Miles has created an intriguing triangle. Harry writes, Clara rides; they live on a West Country farm, the Aga and the trust fund bubbling gently in the background. They are trying for a child.

Before this becomes a New Yorker short story, Lillibet, friend and dolphin therapist from Los Angeles, arrives to discover that Harry is a transvestite who secretly dresses as Hattie. The plot follows Harry into Hattie through hormone therapy then surgery, and Clara through a course of compromises which allow her to keep loving him/her. Lillibet ends up happily pregnant with a dolphin man from Greenpeace.

The "wickedly naughty" atmosphere promised on the play's handbills takes the form of other sexual undertones. These emanate from the eponymous Charlemagne the stallion at stud "pungent with sweat and supple leather", from hinted lesbian affairs at college ("cuddling in the ha ha"), and from world music fertility dances to set the hips gyrating.

Sex and sexuality, however, are not everything, even if they seem so for Harry. He/she says, "we're totally harmless, we just make others squirm." The issues of nature-nurture, sexual identity and role-playing are present if not thoroughly worked out, so the play makes one feel voyeuristic and at times prurient; and there are genuinely shocking scenes. Miles wisely concentrates on the women's reaction as they watch Harry's "imbalance" take over his life.

Greg Hicks as Harry minces and convinces, playing this difficult role with great tact; Lindy Alexander as Lillibet ("I see the disappointment in your body language") is a fine LA psychobabbler.

Sarah Miles herself is the plucky Clara, all confusion and jodhpurs. Lisa Forell directs meticulously, especially the confession and confrontation scenes. As Meredith said in *Modern Love*, "then each applied to each that fatal knife, deep questioning, which probes to endless dole."

**Andrew St George**

The Old Fire Station, Oxford, until 25 April (0865-794494).

# A Dead Secret

There is nothing like death to revive a reputation. Rodney Ackland, one of the most subtly provocative playwrights of the century, was blasted into oblivion by *Look Back in Anger* and the obsession with "realistic" drama in the 1950s. He died, virtually forgotten, last year. Now his plays are everywhere, especially if everywhere includes Richmond. Currently you can see his brooding 1943 masterpiece *The Dark River* at the new and enlarged Orange Tree while around the corner at the refurbished Richmond Theatre is his earlier work, *A Dead Secret*.

On the surface this was a play of its time (the early 1930s), a safe pot-boiler for weekly reps – a solid fictionalisation of the case of the arsenic poisoner Frederick Seddon. In his programme notes the director, Roger Redfarn, reminisces how he first appeared on the stage as the second, totally silent, totally unnecessary, constable, who in the final minute appears to arrest the Seddon character.

Even today this touring production fills the stage with a solidly satisfying set, an Edwardian villa down to the aspidistra and stained glass, and stretching up two floors, plus a throng of actors. But while much is familiar and unexceptional Ackland, always an outsider, unsettles the progression of a predictable plot with a brooding uncertainty. Did Seddon, here called Frederick Dyson and played by Edward Woodward, murder his rich lodger or was he the victim of his miserly, self-righteous, bigoted, character?

While lesser playwrights would have forced up the temperature with an on-stage murder, or a combative court scene, Ackland concentrates on the character of Dyson. We only learn in an aside that Maria Lummus (Vivienne Martin) has died. This is the dissection of an ordinary man, with banal vices, caught in extraordinary circumstances.

Everything revolves around Woodward – known to clerk and servant as "The Great I Am". Unfortunately he only takes full command of the role in the third act. Then the earlier lougeurs are seen to be the fault of performances rather than of play. Woodward is considerably bolstered by Michele Dotrice, a decent woman still besotted with her warped husband, and by Auriol Smith as the batty maid. Even the children are credible in a play which works at one level as an exposure of pre-1914 lower middle class gentility and at another as a clue-ridden detective story.

In the final moment you start to feel sorry for Dyson, concerned at his fate. And you realise how clever Ackland has been at balancing the need of an audience for a spine tingling melodrama and his own desire to create a character of classically tragic stature.

**Antony Thorncroft**

Richmond Theatre until 18 April, then on tour.

# Lucerne Easter Festival

Is there room for yet another event on Europe's crowded festival map? The answer after the inaugural Lucerne Easter Festival must be a guarded "yes". Long ago, Lucerne boasted a lively tradition of Passion plays at Easter, dating back to the Middle Ages. Over the past 50 years it has developed one of the most successful summer music festivals. The new festival aims to build on these twin pillars. The danger was that it would turn out to be nothing more than a miniature replica of the summer event – or worse, a copy of Salzburg's Easter Festival, which has little to do with the people of Salzburg and even less to do with Easter.

Lucerne has avoided that. After an initial tussle with the city's church and musical establishment – which feared that its own Easter celebrations would be overshadowed – the festival drew up a programme which struck a balance between local and international forces, between spiritual and secular.

The first part, from Maundy Thursday to Easter Sunday, was devoted to sacred music, shared among Lucerne's magnificent churches and in some cases dovetailed into Easter worship (and therefore free). Philippe Herreweghe conducted a period instrument performance of the St Matthew Passion, and Andrew Parrott a Schütz programme. Local forces contributed Honegger's early *Easter Cantata*, suggesting that Switzerland at least is not ignoring his centenary.

This contrasted with the final three evenings of expensive concerts in the Kunsthaus, where the London Symphony Orchestra under Mariss Jansons and Michael Tilson Thomas explored the more earthly visions of Honegger's *Pacific 231*, Berlioz's *Symphonie fantastique* and Mahler's First Symphony.

The centrepoint of the festival was an Easter Vigil in the Hofkirche, a twin-spired Roman Catholic church with the architectural dimensions and acoustical spaciousness of a Gothic-Romanesque cathedral. Guillaume de Machaut's 14th century *Messe de Nostre Dame* formed the main structure of the service, interspersed with extracts from Messiaen's *Messe de la Pentecôte* for organ and a selection of 12th century songs by Hildegard von Bingen (the latter evoking the same mystical spirit as the birdsong in the Messiaen).

For those primarily interested in its devotional aspect, this was a mass of unusually pure musical dimensions. The four voices of the Taverner Consort, filling the darkened nave in the solemn opening Kyrie, showed their mastery of Machaut's unpredictable rhythms and harmonic modulations. Emily van Evera delivered Hildegard's unaccompanied songs with the same simple radiance as the candles held by the congregation. The priest, Father Gerold Beck, was in no way outclassed in his vocalisation of the Gregorian *Lumen Christi*, and of course the crowded congregation were able to join in the sung responses.

For those who went for the music alone, the benefit of hearing it in this atmospheric, incense-filled context was offset by the amount of liturgy on offer – the service lasted nearly two-and-a-half hours – and Machaut's Gloria was spoilt by the simultaneous clanging of church bells. A work commissioned from the avant-garde Swiss composer Klaus Huber did not materialise, and Krzysztof Penderecki's new *Benedicamus Domino* was so short and self-effacing as to be indistinguishable from the Machaut.

And yet this was a genuine Easter celebration. The new festival director, Matthias Bamert, will doubtless want to explore a much wider spectrum of Easter activity in future, perhaps embracing scenic oratorio, church opera, dance and even film. But a useful start has been made.

The production is sponsored by Swissair and American Express.

**Andrew Clark**

INTERNATIONAL

# ARTS GUIDE

TODAY'S EVENTS

## BERLIN

**Schauspielhaus** 20.00 Greater Boston Youth Symphony Orchestra plays works by Barber, Bernstein and Gershwin. Tomorrow: CPE Bach Orchestra (East Berlin 2090 2156)
**Philharmonie Kammermusiksaal** 20.00 Trio Berlin plays piano trios by Ravel, Beethoven and Brahms. Tomorrow: Majella Stockhausen (West Berlin 2548 8232)
**Deutsche Oper** 20.00 Song recital by MariAnne Haggander and Jorma Hynninen. *Tomorrow:* Fidelio (West Berlin 3410 249)
**Staatsoper unter den Linden** 19.00 Heinz Fricke conducts Der fliegende Holländer. Tomorrow: Falstaff (East Berlin 2004 762)
**Komische Oper** 19.00 Georg Katzer's new opera Antigone oder die Stadt. Tomorrow: Die schweigsame Frau (East Berlin 2292 555)

## COLOGNE

**MUSIC**
Tonight's performance at the Opernhaus is Die Entführung *aus dem Serail, also Fri and Sun.* Tomorrow: Jochen Ulrich's ballet Vom Zorne des Achilleus. Sat: *Carmen* (221 8400). Sat and Sun in the Philharmonie: Mstislav Rostropovich (2801)
**THEATRE**
This week's repertory at the Schauspielhaus includes a Maurico Kagel-Samuel Beckett evening tonight, Edward Albee's Who's Afraid of Virginia Woolf? tomorrow and Strindberg's Dance of Death on Fri. Sat: new Tanz Forum production, with choreography by Jennifer Müller, music by Burt Alcantara. The Kammerspiele has plays by Strindberg and Maxim Gorki (221 8400)

## DRESDEN

**Semperoper** 19.00 Die Entführung aus dem Serail. Tomorrow and Sat: ballet triple bill. Sun: Die Zauberflöte (4842 731). Sat and Sun in Kulturpalast: Olaf Henzold conducts the Dresden Philharmonic Orchestra in music by Dvořák and Smetana (4866 306)

## GENEVA

**Grand Théâtre** 20.00 Bruno Bartoletti conducts Lorenzo Mariani's production of I Quattro Rusteghi, opera by Wolf-Ferrari (212311)

## THE HAGUE

**Danstheater** 20.15 Nederlands Dans Theater in a triple bill of choreographies by Jiri Kylian and Ohad Naharin. Repeated *tomorrow, Fri and Sat* (360 4930)
**Dr Anton Philipszaal** 20.15 Schoenberg Ensemble in a *programme* including Schnittke's Third Violin Concerto played by Peter Brunt (360 9810)

## HAMBURG

**THEATRE**
The Deutsches Schauspielhaus has Arthur Miller's Death of a Salesman tonight and Brian Friel's Dancing at Lughnasa tomorrow. Fri: first night of new production of This Story of Yours, a 1968 play by John Hopkins in which he gives the same kind of strong, unvarnished view of the police that he brought to his BBC TV series Z Cars (248713)
**MUSIC**
Tonight's performance of Das Rheingold at the Staatsoper is conducted by Gerd Albrecht, with a cast including Hanna Schwarz, Hartmut Welker, Günter von Kannen and Horst Hiestermann. Tomorrow and Sun: Ariadne auf Naxos with Margaret Price and Klaus König. Fri: ballets by Neumeier and Balanchine. Sat: Neumeier's Fenster zu Mozart. *Sun morning* in the Musikhalle (also next Mon and Tues evenings): Gerd Albrecht *conducts Haydn's C major Cello* Concerto (Heinrich Schiff) and Bruckner's Seventh Symphony (351721)

## LONDON

**Covent Garden** 19.30 Sylvie Guillem stars in Kenneth MacMillan's Royal Ballet production of Manon. Also *tomorrow and Sat with* alternating casts (071-240 1066)
**Coliseum** 18.15 Mark Elder conducts *David Pountney's ENO* production of Don Carlos, with Rosalind Plowright, Edmund Barham, *Jonathan Summers* and Linda Finnie, also Sat. Fri: Madama Butterfly (071-836 3161)
**Royal Festival Hall** 19.45 Iona Brown conducts the Academy of St Martin in the Fields in symphonies by Haydn and Schubert, plus Beethoven's First Piano Concerto with Jeffrey Kahane. Tomorrow: London Mozart Players. Fri: Charles Mackerras conducts the LPO. Sun: violin recital by Tasmin Little (071-928 8800)
**Barbican** 19.45 London Oriana Choir in Mozart's Coronation Mass and Rossini's Stabat Mater. Sun: Michael Tilson Thomas conducts Mahler's Ninth Symphony (071-638 8891)

## NEW YORK

**State Theater** 20.00 First night of New York City Ballet's *spring* season: Peter Martins' production of Sleeping Beauty, daily except Mon *till May 10. NYCB season* continues till June 28, with additional matinee performances *on Sat and Sun* (870 5570)
**Metropolitan Opera** 20.00 American Ballet Theatre triple *bill, including Michael Smuin's* new choreography of Peter and the Wolf. Tomorrow till next Wed: Giselle (362 6000)
**Alice Tully Hall** 20.00 Beaux Arts Trio with Lawrence Dutton violist. Tomorrow, Fri, Sat in Avery Fisher Hall: Kurt Masur conducts *the New York Philharmonic* Orchestra (875 5030)

## PARIS

**Palais Garnier** 19.30 Pierre Lacotte's Opéra Ballet production of La Sylphide, also tomorrow (4017 3535)
**Opéra Bastille** 19.30 Myung-Whun Chung conducts Un ballo in maschera, with Dennis O'Neill and Alexandru Agache, also Sat. Fri: Les Contes d'Hoffmann (4001 1616)
**Auditorium, Forum des Halles** 19.00 Ysaye Quartet plays works by Mendelssohn and Mozart. Tomorrow: song recital by Sharon Sweet (4026 2840)

● A 24-hour recorded telephone guide to Paris entertainments is available in English by dialling 4720 8898

## PRAGUE

**OPERA/THEATRE**
**Prague State Opera** (formerly Smetana Theatre): Hilary Griffiths conducts tonight's Zemlinsky double bill. Tomorrow and Sun *afternoon:* Swan Lake. Sat: Rigoletto. Sun evening: Martinu's The Greek Passion.
***Estates Theatre:*** *tonight*'s performance is Vaclav Havel's play The Garden Party. *Tomorrow: Le nozze di Figaro.*
**National Theatre:** this week's repertory includes La bohème on Fri and The *Bartered Bride* on Sat.
**CONCERTS**
**Smetana Hall:** *Vaclav Neumann* conducts the Czech Philharmonic *Orchestra tomorrow and Fri in* a programme featuring Martha Argerich as piano soloist (231 *9164). Sun: Paul Zukofsky* conducts the Prague Symphony Orchestra in a programme *including Busoni's Berceuse* Elegiaque (1909), Ruggles' Angels (1939), Arthur Schnabel's Third Symphony (1949) and two works by Delius (u Prasne brany 2, tel 232 5858).

● For pre-booking and information about other events, contact city centre ticket agencies (Bohemia, Na Prikope 16, tel 228738, or Melantrich, Wenceslas Square 38 in the passage, tel 228714) and theatre box offices.

## ROME

**Teatro dell'Opera** 20.30 Roland Petit triple bill, including a new work entitled Ballet d'Opéra. Repeated on Fri and Sun (488 3641). Tomorrow in Teatro Olimpico: Gregg Smith Singers and Les Percussions de Strasbourg (323 4890)

## VIENNA

**Staatsoper** 19.00 Bruno Weil conducts Le nozze di Figaro, with *Gunnel Bohman, Boje Skovhus* and Anton Scharinger. Tomorrow: Katya Kabanova (51444 2960)
***Konzerthaus*** *19.30 Tatiana* Grindenko conducts the Moscow Chamber Academy in works by Vivaldi, Haydn and Corelli. Tomorrow and Fri: Gary Bertini conducts Bartok and Schoenberg (712 1211)

## European Cable and Satellite Business TV

(all times CET)

**MONDAY TO FRIDAY**

*CNN*
2000-2030, 2300-2330 World Business Today – a joint FT/CNN production with Grant Perry and Colin Chapman

*Super Channel*
0830-0900 (Mon) FT East Europe Report – weekly indepth analysis from FTTV
2130-2200 (Tues) Media Europe – what's new in European media business
2130-2200 (Wed) FT Business Weekly - global business report with James Bellini
0630-0900 (Thurs) Media Europe
2130-2200 (Thurs) FT Eastern Europe Report
0830-0900 (Fri) FT Business Weekly

*Sky News*
0130-0200 (Mon), 2130-2200 (Thurs), 0530-0600 (Fri) FT Business Weekly

**SATURDAY**

*CNN*
0900-0930 World Business This Week - a joint FT/CNN production
1900-1930 World Business This Week

*Super Channel*
1930-2000 FT Eastern Europe Report

**SUNDAY**

*CNN*
1030-1100, 1800-1830 World Business This Week

*Super Channel*
1800-1830 FT Business Weekly

*Sky News*
1330-1400, 2030-2100 FT Business Weekly

FINANCIAL TIMES

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Wednesday April 22 1992

# Chilly spring in Washington

FLOWERING cherry trees and the faint stirring of a US recovery make Washington a welcome destination for the recession-weary. But the finance ministers of the world's leading industrialised countries will not find any soothing remedies at the coming week's jamboree. The world's economic problems are largely home grown; they require domestic action, not co-operative inaction.

The exchange rate co-ordinating role of G7 summits has all but died. Managed world exchange rates have been replaced by domestically oriented monetary policies. And a good thing it is too. The US authorities' attempts to manage the rise and fall of the dollar effectively by manipulating Japanese interest rates were in large part responsible for its subsequent boom-bust cycle.

Some of the old rhetoric remains. The US will call for other countries to follow its lead and cut interest rates aggressively. Japan will cautiously agree, while fretting about the value of the yen. But Germany, the new bugbear of the US growth lobby, will rightly point to its domestic inflationary problem as a reason for keeping its interest rates high, regardless of the wishes of the US administration. The rest of Europe will sit in glum silence.

## Fiscal consolidation

Benign G7 summits may avoid monetary policy errors; but they may also act as an excuse for necessary action elsewhere. The need for fiscal consolidation is unlikely to figure strongly in the forthcoming discussions. Instead, a communiqué will stress the desirability of sustainable non-inflationary growth and low world real interest rates. The IMF will produce yet another report forecasting a world recovery next year. Everyone will feel a little better; no one will be any the wiser; and the chances of a strong world recovery will remain remote.

Yet the fiscal irrectitude of certain G7 governments is now an even greater problem for world economic growth than in the late 1980s. The US, UK and Japan have no choice but to deflate away their heavy private sector debt burdens, having rightly, if bravely, eschewed the inflation route. But the pain, for these countries, and indeed for debtors everywhere, is made more severe by the current high level of world real interest rates that developed country budget deficits have brought.

The US is the most experienced fiscal profligate. Because it failed to close the budget gap in the late 1980s, despite rapid economic growth, fiscal policy has not been available to kick-start the current sluggish recovery. Even if Congress had agreed to the president's proposed fiscal package, the result would have been higher long-term interest rates.

## Ostensible culprit

Little wonder that the US administration has looked elsewhere to source its pre-election recovery. But the European economy is unlikely to oblige. The ostensible culprit is the European exchange rate mechanism, which is keeping interest rates painfully high. But it is irresponsible fiscal policy, this time in Germany, that is once more to blame.

The German government has failed to build a consensus around the need to pay for the reconstruction of east Germany. Instead of tax increases and west German spending cuts, they have paid the bills by large-scale borrowing, increasingly through off-budget financing vehicles. The Bundesbank has had no option but to push up interest rates to offset the resulting inflationary pressures. The ERM has exported these high rates, and the unemployment they bring, across Europe.

The world economy remains on a knife-edge. It needs lower interest rates to fuel economic growth, and soon. Slow or no growth makes it politically difficult for the G7 to tackle the other issues they face: aid for the former Soviet republics, trade liberalisation, relief for debt-burdened Africa.

Yet European interest rates, and US long rates, are unlikely to fall until the structural component of the US and German deficits are brought back into balance. Japan can and should cut interest rates further. The UK has room for a half-point cut. But Europe looks set to face high real interest rates throughout 1993 until either Germany shows signs of bringing its fiscal deficit under control, or the ERM crumbles under the strain. The former would be preferable; the latter looks increasingly likely.

# A Lloyds bid for Midland

LLOYDS Bank will decide later this week whether to attempt to buy Midland Bank in the teeth of an agreed bid by Hongkong and Shanghai Banking Corporation. It should summon up its courage and press ahead.

To urge Lloyds to bid is to fly in the face of received wisdom, which argues that the UK banking sector is already too concentrated, and that hostile bids for banks are at best unseemly and at worst disastrous.

There is truth in both these arguments; but the case for a Lloyds bid is strong enough to over-ride them. Lloyds is the best managed of the big UK banks. The point of its bid would be to integrate two UK domestic branch banking networks, aiming for huge cost savings – some £500m a year or more. Since Lloyds is likely to offer its shares in exchange for those of Midland, the gain would accrue to both sets of shareholders.

The scale of the potential gains is a strong argument for a bid: it indicates the extent to which the historic pattern of banking in the UK has left the country with too many branches and too much managerial and clerical infrastructure to support them.

Throughout the 1980s, despite the potential savings from computer technology, the big banks continued to allow their staffs to grow. In the last couple of years, individual banks have at last started to make big cuts in staffing and branch networks.

## Full integration

However, only a full-scale integration of two banks is likely to bring about the scale of cost-cuts the industry needs. By transforming its own cost structure, a merged Lloyds/Midland would put enormous pressure on its big rivals, National Westminster and Barclays, to make corresponding savings. Customers would benefit along with shareholders.

There is another important lesson from the scale of the potential savings: it illustrates a drawback of the existing bid, from the Hongkong Bank. In that bid, potential cost savings are much smaller: the Hongkong Bank argues instead that it could run Midland better than it has been run up to now, helped by its stronger capital base.

Midland could certainly use more capital; but the Hongkong Bank's record of managing large overseas businesses is not encouraging. Indeed, it is hard to think of a single cross-border bank acquisition in a developed economy which has proved a resounding success. Domestic mergers of overlapping banks, though still risky, have a better record.

So much for the advantages of a Lloyds bid; what are the potential drawbacks? The first is that, by taking on Midland's problems, Lloyds itself might be fatally weakened. A year ago, with the scale of Midland's difficulties still unclear, that uncertainty might have been enough to render a Lloyds bid imprudent. Now, with the benefit of a new management's unsentimental judgment of the Midland books, the risk looks far less, as the timing of the Hongkong bid indicates.

## Potential drawback

A second potential drawback is the harmful effect on competition of reducing Britain's Big Four banks to a Big Three. In most of the UK's financial services markets, however, there is abundant competition, which would not be lessened by a merger. Retail banking for individual customers, wholesale banking for large companies, investment banking for corporate finance customers – in all these markets, a customer can pick and choose at will between fiercely competitive suppliers.

This is not true, however, in one of the most politically sensitive areas of banking: lending to small businesses. It lacks the new entrants – from abroad, or from the building society sector – which have made the the rest of British banking so competitive. Building a nationwide network of bank managers experienced in assessing the credit-worthiness of small business is an expensive business. This is why the new entrants have not rushed to do so; it is also an argument against allowing the elimination of one such network.

Balancing that issue against the gains to competition from transforming the banking system's cost structure is a task for the competition authorities. Fear of such an investigation should not deter Lloyds from going ahead.

Russia is embarking on a new phase of economic reform which could reignite inflation, say **John Lloyd** and **Martin Wolf**

# From catastrophe to mere crisis

For Mr Yegor Gaidar, the first deputy prime minister in charge of economic reform in Russia, the past week has been the end of his beginning. He and his team of reformers have survived the popular disaffection over price liberalisation. They have also survived a Congress of Peoples' Deputies in which their policies were excoriated.

Now begins a new period: over the past few days, senior government ministers have stressed that it will usher in significant modifications to the reform process. The turn in policy is not being executed because of intolerable popular pressure: the anti-government demonstrations have been poorly attended, while the Congress, though showing an anti-reform majority, has been manipulated into surly acquiescence.

Both the street protests and the Congress have been deeply inhibited by the fact that they do not represent real voters. Their most active leaders are former Communists who, although they can profit rhetorically from the harshness of the government's measures, cannot reap real political rewards because of the reluctance of the population to give them their trust. The ruin the government inherited is the Communists' principal legacy. Their rhetoric cannot hide this truth.

The policy change has been made more because of fears of the future, than because of the pressures of the present. Mr Gaidar, the reform's architect, made this clear when he said in an interview that "we have had three years of strong negative growth from 1988 to 1991. We paid for the absence of reforms: now we must pay for reforms. We cannot stand three more years of that: one year only [1992] is possible. The long-term structural agony of this economy will create a very unpleasant situation – we *must* get growth."

As the government has repeated many times over the past week or two, the "successes" of the first quarter of the year permit some relaxation. Mr Gaidar insists, for example, that in the first three months of the year the budget was balanced: the Ministry of Finance says there was a deficit of about 1½ per cent of gross domestic product on an actual expenditure basis and 5 per cent on the basis of commitments, although international financial institutions suspect it may be about 10 per cent.

Even so, fiscal policy has been a success, particularly when output in the first quarter is estimated to have fallen by more than 13 per cent from the level of the same quarter of 1991. The budget deficit of the Russian Federation was, after all, about 20 per cent of GDP in 1991, allowing for Russia's share of the revenue and expenditures of the former Soviet Union.

What is more, after serious teething difficulties, the Ministry of Finance has achieved something that has eluded most post-Communist governments: the establishment of a reliable source of revenue independent of profits in the state enterprise sector. Revenue from value-added tax has risen from Rbs10.5bn ($68m at market exchange rate) in January, to Rbs33bn in February and then to Rbs54bn in March. To this will soon be added taxation of both domestic consumption and exports of oil and gas as their prices are raised towards world levels.

The new system of trade regulation, too, suffered from initial difficulties in January, following the introduction of a new system of export taxation. But postponement of the export taxes, introduction of a market exchange rate for hard currency and curtailment of administrative regulations reversed the declining trend in exports. In February they rose to $3.8bn, from $2.2bn in the previous month, while in March they rose to $4.8bn. Meanwhile, rescheduling of payments of principal on medium- and long-term loans due in 1992 has saved Russia $11bn of the $21bn that comes due this year. The foreign exchange position is moving from the catastrophic to the merely critical.

Equally successful, if more brutal, was the price liberalisation at the beginning of the year. As has happened elsewhere, notably in Poland, prices climbed much more rapidly than the government forecast. Official estimates are that prices rose three and a half times in January and by another two-thirds from January to March. Unofficial estimates suggest that they rose still more.

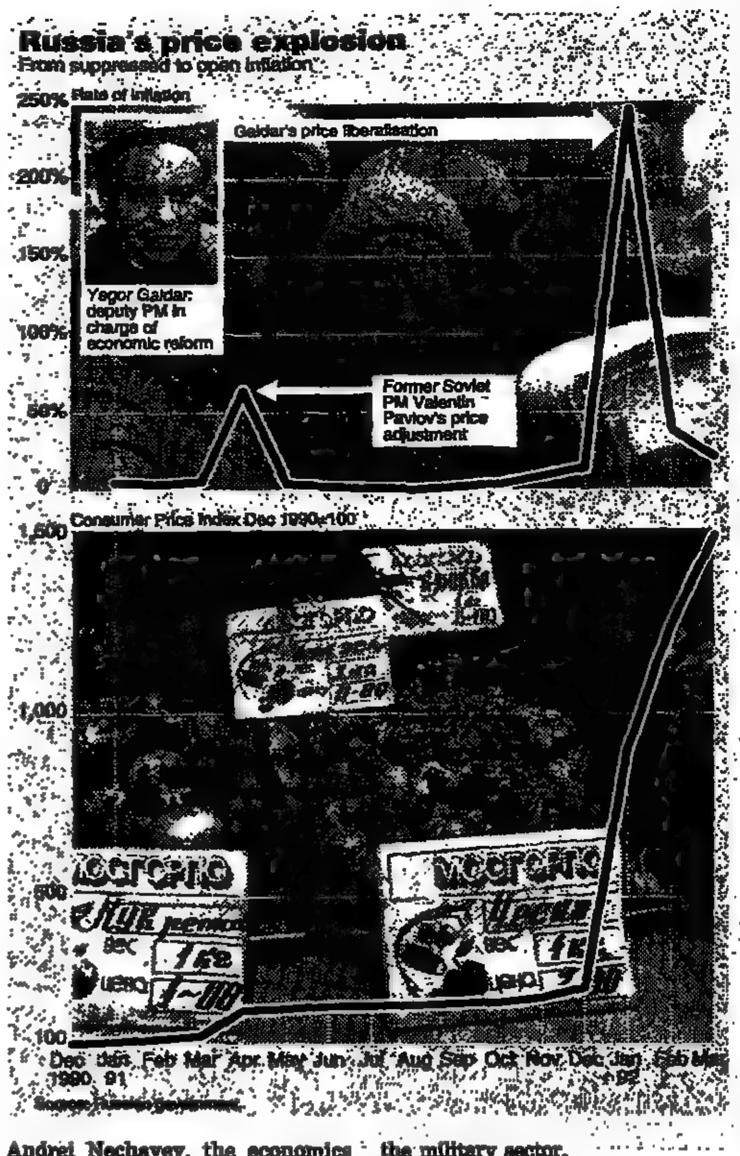
This surge in prices has lowered officially estimated real incomes by 40 per cent, thus eliminating queues, the growing disequilibrium between nominal wages and the nominal value of output, and the "monetary overhang", or unspendable store of roubles, which had been among the main issues in the previous two years.

At the end of last year the stock of broad money (M2 on the Russian definition) was about 60 per cent of GDP. By the end of March 1992 that ratio had fallen to well below a quarter. Inevitably, money became very short, particularly cash, the demand for which (at the present face value of the notes) surpassed the capacity of the four printing plants (all located in Russia): many workers have been told that there is no cash for their wages.

Nor should one ignore the most visible, if least quantifiable, success: the liberalisation of commerce. The pavements of Moscow have become the site of one of the world's most densely thronged street bazaars. This may add little to Russia's output; it may, indeed, be extremely inefficient; but it says much about the entrepreneurship of a population for which such activity was long a criminal, if not a capital, offence.

These "successes" have had a high price. Output has fallen further from an already deeply depressed level. It has become clear, above all, that industry will not respond unaided and unprompted to the hidden hand of a still wildly imperfect market.

Unsurprisingly, post-Soviet enterprise managers have pushed up their prices, stockpiled the goods they cannot sell and sent good to other enterprises without any likelihood of payment. Inter-enterprise indebtedness has risen from Rbs39bn at the beginning of the year to Rbs900bn by mid-April. Mr Andrei Nechayev, the economics minister, who receives a steady stream of such managers in his office in the former Gosplan state planning commission building in the centre of Moscow, has noticed an encouraging shift in their petitions: they no longer assume he can help them with supplies, but want him to dole out cheap money. Instead, he claims, he tells them to cut their prices, wages and staff.



However, he also now offers some help. He will soon authorise Rbs200bn in extra investment credits from the Central Bank of Russia over the next six months, of which Rbs120bn will go to industrial companies that, in his view, can use it for sensible investment. This in turn, would produce marketable goods. He has put aside Rbs42bn to assist defence conversion (not much, given the scale of the problem) and another Rbs40bn for social protection of displaced workers in the military sector.

Mr Nechayev hopes to pick a few winners, but also wants to force a few losers to the wall. He expects that Mr Boris Yeltsin, the Russian president, will soon sign a decree on bankruptcy. This will allow the government to force 10 or 15 companies into liquidation: a small beginning, but an important demonstration to others of the consequence of failure.

The right way for the government to proceed, as it has recognised in its memorandum to the International Monetary Fund of last month, is via rapid structural change. The list of requirements is long, the obstacles high and the technical difficulties immense.

What is needed embraces: price liberalisation, including the raising of energy prices to world levels, expected to be achieved by the end of 1993, starting with a sixfold increase in prices of crude petroleum from Rbs350 to Rbs2,000-2,500 a ton; auction of small-scale shops and enterprises (recently started in just a few cities); private ownership of land; privatisation of food production and distribution; demonopolisation of industry; commercialisation of larger enterprises, leading to mass privatisation in early 1993; liberalisation of international trade; and effective convertibility of the rouble, including for interest, dividends and capital inflows.

Yet Mr Gaidar also argues, probably rightly, that the Russian economy needs to be "remonetised". Unfortunately, the monetary grease is to be provided by the central bank, a point on which, it should be noted, the government and the central bank do not now disagree.

Pointing to the shortage of money in the economy, which is one characteristic of an economy teetering on the brink of hyperinflation, the Central Bank of Russia is expecting an increase in the money supply of between 50 and 120 per cent this year. Some of that will come from monetisation of the budget deficit, expected to remain at about 5 per cent of GDP. A credit line to the Ministry of Finance of Rbs67bn has just been established. More will come from the Rbs200bn promised to enterprises, while another Rbs70-80bn will come from schemes of Mr Gyorgy Matiukhin, the chairman of the central bank. Applying the multiplier of 2-2.5 on central bank credit deemed normal in Russia, the resulting credit expansion is already Rbs700-850bn, or about 50 per cent of recent levels.

No wonder that Mr Gaidar still talks of inflation running at an annual rate of 40 per cent at the end of the year, while Mr Matiukhin, probably more realistically, talks of 100 per cent. No wonder, too, that a "crawling peg", or moving, exchange rate is seen as more realistic than a fixed one. The question is whether "remonetisation" will prove a euphemism for resurgent inflation, especially when, even at its recently increased level of 50 per cent, the interest rate on credit from the central bank is far below the rate of inflation.

These plans are bound to be of serious concern to western donors, including the International Monetary Fund, the staff of which is in discussion with the government this week. The planned stabilisation fund of $6bn would make little sense if the exchange rate were not to be fixed. The rouble market exchange rate, currently 150 to the dollar, is hugely undervalued. The exchange market is extremely thin. Nonetheless throwing dollars at it, in order to raise its level to Rbs40-50, as the government hopes, might prove ineffective if monetary expansion were not under secure control.

The government of Russia deserves credit for what it has achieved. It deserves credit too for the ambitions it has for the future. Much – if not most – remains to be done, but the foundations are at last being laid.

Unfortunately, the government already seems to be tempted by the easiest of all paths, the one to the printing press. If it is not careful, Russia will become not a market-oriented great power, but another Brazil, caught in a never-ending series of short-term inflationary cycles, each one reducing still further the credibility of its government and its capacity to govern.

Mr Gaidar describes the need to print more money as "terribly unpleasant". It is worse than that. Inflationary finance is fraud. However tempting and however respectable, fraud is no basis on which to build the new democratic Russia.

# Tax wizard takes over the helm at Hanson

Derek Bonham talks to **Roland Rudd** about his new role as chief executive of the Anglo-American conglomerate

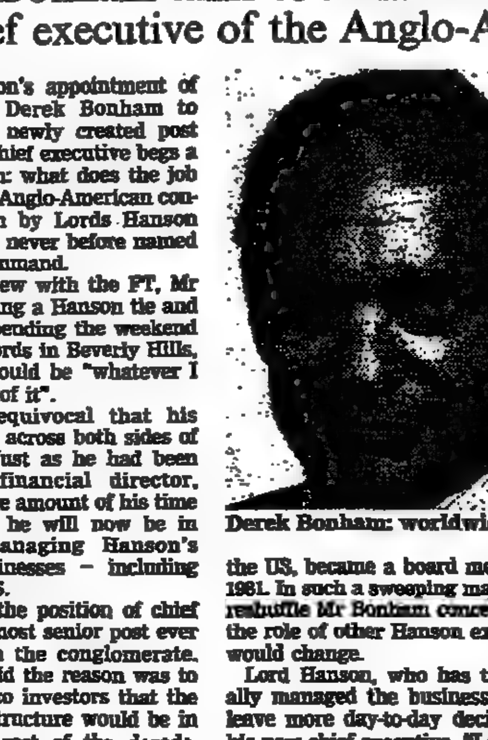
Hanson's appointment of Mr Derek Bonham to the newly created post of chief executive begs a simple question: what does the job entail? For the Anglo-American conglomerate, run by Lords Hanson and White, has never before named a second in command.

In an interview with the FT, Mr Bonham, sporting a Hanson tie and tanned after spending the weekend with the two lords in Beverly Hills, said the job would be "whatever I can create out of it".

He was unequivocal that his remit extended across both sides of the Atlantic. Just as he had been the group's financial director, spending a large amount of his time in the US, so he will now be in charge of managing Hanson's worldwide businesses – including those in the US.

This makes the position of chief executive the most senior post ever created within the conglomerate. Mr Bonham said the reason was to make it clear to investors that the management structure would be in place for the rest of the decade, given the advancing years of the two lords. He also believes it will deter other companies from taking a lead from Imperial Chemical Industries – in which Hanson has a 2.8 per cent stake – and attacking the group for its poor corporate governance.

"All the ducks are now in the right place," said Mr Bonham. "James [Lord Hanson] is a very youthful 70-year-old but he wants to make sure the younger team is in place under him."



Derek Bonham: worldwide role

Mr Bonham, recruited to Hanson in 1971 by Mr Brian Hellings, senior director responsible for finance in the US, became a board member in 1981. In such a sweeping managerial reshuffle Mr Bonham conceded that the role of other Hanson executives would change.

Lord Hanson, who has traditionally managed the businesses, is to leave more day-to-day decisions to his new chief executive. "Lord Hanson is to have more of an ambassadorial role, to which he is ideally suited. I plan to take a lot of the managerial work, including meeting with the institutional investors, off his shoulders," said Mr Bonham.

Indeed, Mr Bonham believes Lord Hanson may decide to become a non-executive chairman. Whatever the outcome, he is confident that one man will not hold the reins of chief executive and chairman at Hanson again.

Lord White, who has already delegated much of the daily running of the US businesses to his deputy, Mr David Clarke, will continue to have a roving brief trying to spot the next acquisitions, which Mr Bonham believes are likely to be in continental Europe.

Mr Bonham said Mr Clarke, Lord White's chief executive and deputy in the US, would continue to have an "enormous job".

In describing what could be a difficult relationship – Mr Clarke yesterday suggested Mr Bonham's remit would not extend to what he called Lord White's domain – Mr Bonham used the current partnership between Lords Hanson and White as an example of how he sees the partnership between the two developing.

"A good chunk of what I am doing is based over here. But there are no rigid boxes and there has to be integration between the US and the UK. Just as James is chairman of the group so I am chief executive of Hanson plc."

The appointment is bound to be something of a disappointment to Mr Tony Alexander, the 53-year-old chief operating officer in the UK. Mr Bonham said he would continue to manage the UK businesses.

One of Hanson's financial advisers commented of Mr Bonham's appointment: "This underpins the importance not just of tax wizardry but of tough financial controls and squeezing as much cash as possible out of the businesses."

Such a view was an over-simplification, said Mr Bonham. As the architect of Hanson's tax policy, which led to the group paying one of the lowest corporation tax charges in the FT-SE 100 top companies, Mr Bonham is anxious not to exaggerate the important of finance. But he said: "Finance is the largest part of the Hanson head office."

Edward Mortimer

# Nationalist enclaves in a community of fear

## The conflict in Bosnia illustrates the need for the international protection of minority groups

FOREIGN AFFAIRS

If you live in a part of the world that is still relatively comfortable and secure, how do you react to the troubles of less fortunate people whose homes and lives are being wrecked by conflict?

One way is to try to understand, to sort out the rights and wrongs, to become emotionally involved. Sooner or later, this almost inevitably leads you to take sides. Another way is to take refuge in a general condemnation of violence, blaming the conflict on the economic backwardness or primitive political culture of the people concerned.

In the former case, one will easily become the dupe of the self-deceptive and self-righteous arguments of one side, since conflicts where one side is wholly in the right and the other wholly in the wrong are rare. In the second case, one can slip into self-righteousness oneself, looking patronisingly on innocent and guilty alike, and failing to take seriously the fears and grievances of people who, in most cases, do not embark on violence for fun but in the sincere belief that only by doing so can they protect themselves and their "community" from extinction.

In reacting to events in Yugoslavia, the outside world has oscillated, perhaps fatally, between the approaches described above. Broadly, the latter approach prevailed until last December. The US treated the issue as a regional one best left to regional institutions, notably the EC. The EC presented itself as an impartial mediator and would-be peacekeeper. But the fighting in Croatia went on, with the Serbs and the federal army appearing more and more obviously the aggressors. Public opinion was increasingly inclined to the "goodies-and-baddies" approach, and in December this carried the day. The EC took sides, to the extent of recognising Croatia and Slovenia and maintaining sanctions only against Serbia and Montenegro. The US, at the time, made clear its disagreement with this approach. Now, however, it recognises not only Croatia and Slovenia (three months behind the EC) but also Bosnia-Hercegovina (simultaneously with the EC) and is putting the blame very loudly and publicly on Serbia for the continued fighting.

If I were a member of any of the three communities in Bosnia, I should find this procedure profoundly irritating. The best argument for not taking sides in Croatia was that the secession of Croatia from Yugoslavia was bound to be followed by the attempted secession of Bosnia and the extension of the conflict to that republic. The Moslem and Croat communities in Bosnia, forming a comfortable majority between them, were never going to agree to remain in a rump Yugoslavia which would be in effect nothing more than a greater Serbia. The Serbs in Bosnia – a much larger minority than the Serbs in Croatia – were not going to let themselves be carried out of Yugoslavia, and thus separated from Serbia, by a decision of the other two communities. Thus it was fatuous for the EC to make its decision on recognising Bosnia's independence contingent on the result of a referendum, since the result was predetermined by the size of the three communities.

**An international minority rights regime is essential if more bloodshed is to be avoided**

The traditional grounds for recognising a state would be that it exercises effective control over a given territory. By that criterion, Bosnia would surely have failed, given the presence on its territory of a large number of units of the federal Yugoslav armed forces, which so far have not recognised its authority. There was, no doubt, a case for using recognition as a lever to help produce a non-violent settlement between the communities. But if that was the goal, the requirement should have been that the request for recognition come from a government representing all three communities, not that the numerical superiority of two of them over the third be demonstrated by a vote.

It is that notion of "community" which lies at the root of so many conflicts. If one member of a community kills another, that is deplorable but we expect the community to deal with the matter according to its own procedures. But if we feel that the killer and the victim belong to different communities, then all of us in the victim's community see ourselves as threatened: we require protection against, or reassurance from, the killer's community.

Nations and states are particular forms that a community can take. States are institutions, capable of defining law and imposing it on their citizens; capable also – or claiming to be capable – of defending those citizens against attack by non-citizens. "Nation" is a word which, in the modern world, makes a community sound respectable and permanent. A nation, in most people's minds, is entitled to be represented by its own state. To side with your own "tribe" against another tribe sounds primitive. To rally to the defence of your "nation" is normal, even honourable.

Nations began as a way of identifying citizens with a state. But once the nation is postulated as a pre-existing entity, from which a state can be derived, there is no obvious place for the process to stop. Why should not Serbs be able to secede from Bosnia, just as Slovenes, Croats or Moslems have the right to secede from Yugoslavia?

It would not matter so much, if the process were not almost inevitably accompanied by violence. The essence of a state is that it monopolises the use of force on its own territory, and that is a monopoly which each self-defined "community" is naturally reluctant to concede to another. In the end, the only solution seems to be for communities to regroup, each on "its own" territory, separated from others by state frontiers. But that involves the wholesale uprooting and transplanting of populations: something seldom if ever accomplished without large-scale bloodshed.

There must be a better way. "Communities" should be able to feel safe even when outnumbered by other communities within the state of which they are citizens. States should be able to recognise self-defined "communities" on their territory without feeling that they have opened the door to secession and disintegration.

An internationally accepted regime of minority rights and obligations is indispensable if much more chaos and bloodshed in eastern Europe is to be avoided. The Dutch proposal for a High Commissioner for Minorities, tabled at the current Helsinki Follow-Up Meeting of the Conference on Security and Co-operation in Europe (CSCE) deserves serious and urgent consideration. If it is true that Britain is blocking it for fear that such a High Commissioner might interest himself in Northern Ireland, that is surely a mistake. The need for the minority to be assured of its rights, and for the majority to be reassured that those rights do not threaten it, is as acute in Northern Ireland as in many parts of eastern Europe.

# LETTERS TO THE EDITOR

Number One Southwark Bridge, London SE1 9HL
Fax 071 873 5938. Letters transmitted should be clearly typed and not hand written. Please set fax for finest resolution

## Regard for finite resources

*From Mr Dominic Dibble.*

Over the last few days, your newspaper has highlighted the extreme concern of both businessmen and politicians regarding the potential failure of the Uruguay Round of multilateral trade negotiations. At the same time, you have also indicated that the up-coming Earth Summit in Rio de Janeiro is not receiving anything like the same concentration of effort and attention from leaders in both these fields (for example, "Negotiators try to settle differences", April 16).

The fact that president Bush has yet to confirm his attendance at the conference is one of the most visible signs of this lack of commitment. It is perhaps unprecedented that two such crucial sets of negotiations should be deadlocked simultaneously, and it strikes me that what is needed in both situations to break the log-jam is some evidence of goodwill from all parties.

Nonetheless, I think it is important to focus on the fact that the Uruguay Round appears to be given priority by decision-makers. Does this imply that the goods which people manufacture and trade fundamentally deserve more attention than the finite source whence they came? This idea seems disastrously short-sighted and unsustainable, and I would be interested to know whether any of your readers feel that it can be adequately justified.

In this regard, another article ("Boom years predicted for Third World in 1990s", April 15) gives cause for concern, as it makes no mention of the potential environmental impact of the predicted growth. A sustainable future will only become possible when it is accepted that the environment lies at the heart of the economic process, and not at its periphery.

Dominic Dibble,
*41 Brackenbrae Road,*
*Bishopbriggs,*
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## The monopoly factor must decide any bid for Midland Bank

*From Prof Andrew D Bain.*

Sir, Institutional shareholders in Midland Bank are surely deluding themselves if they expect a successful bid from Lloyds to win them a higher price.

Of course Midland would be worth more to Lloyds than to Hongkong and Shanghai Bank. Competition between UK banks would be reduced, particularly in the key market for small and medium sized firms, in payments services and in bank credit cards. So the clearing banks could increase their margins, at their customers' expense.

The reduction in competition in these markets would clearly be against the public interest. With a Lloyds bid a Monopolies and Mergers Commission reference is certain; the MMC would be failing in its duty if it did not recommend against the takeover – particularly when a takeover by Hongkong Bank would strengthen Midland and increase competition in the UK market – *and the government* would be failing in its if it did not accept the MMC's recommendation.

A counter-bid from a European bank? Now that would be another matter.

Andrew D Bain,
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*Helensburgh,*
*Dunbartonshire G84 9HU*

Further Letters to the Editor appear on Page 14.

## Engineers' status not real problem

*From Dr James Murphy.*

Sir, Mr Ledger is, of course, correct – "without engineers, no amount of help from Mr Heseltine will save our industry" (Letters, April 18). However, the low status of engineers is not, as Mr Ledger protests, a "key factor behind UK industry's problems". The UK might not treat its engineers with the same respect as other countries; even so, it still enjoys, according to the Central Statistical Office, a favourable ratio of highly qualified engineers to workers, when compared with Japan, US, west Germany and France. Indeed, after Japan, the UK has, says the CSO, "the highest proportion of engineering qualifications in comparison with the employed workforce".

Given that such an advantage has, ominously, done little to halt the slide in the engineering industry – so well outlined by Andrew Baxter ("Machines in need of maintenance", April 14)) – the key problem facing British industry is not a shortage of happy engineers but a shortage of a manufacturing base that will create such a shortage.

James Murphy,
*department of educational research,*
*University of Lancaster*

## Property contracts should be binding, and remain so

*From Mr D J Lewis.*

Sir, We have under our management a large cross-section of property and deal with a substantial number of assignments within portfolios over any given period of time. We note with considerable concern the various proposals that emerge from time to time, not least from the CBI (Letters, April 10), that the contract between landlord and tenant shall be varied purely on the basis of an assignment, whereby assignors might be relieved of their covenants if an assignee defaults.

The terms of a contract freely entered into by the parties concerned will remain exactly that. When a tenant signs a lease it is a contract for a given period of time and is negotiated at arm's length. If *the tenant then seeks to sell* that interest to a third party, it does not alter the contract already entered into. The landlord, when approached for consent to an assignment, has strictly limited powers to *refuse such proposals*. The landlord chooses his tenant; he does not choose the tenant's subsequent purchaser.

If there was any proposal to change the present privity of contract then it most certainly *should not be retrospective* and must only be allowed to apply in the case of leases granted after the law was changed. In that event, a landlord should have power to require a direct covenant from his tenant that he will remain liable under his *covenant or an absolute* power to approve or not approve assignments. The landlord should not be put into a position whereby, through no fault of his own, he finds the freely entered into contract ends up *between parties not of his* choosing with financial implications beyond his control.

Tenants usually assign leases for a premium which they receive and spend. The landlord does not receive the *benefit of such premiums. If* the law was amended on the basis that any premiums were put into a joint account available to meet any subsequent default, then it might be possible to accept some change. However, freely negotiated contracts should remain without interference. Tenants are already protected under the Landlord and Tenant 1954 Act and have security of tenure; so, if they are concerned, they are perfectly able either to negotiate *shorter leases* or break clauses.

Any proposal that seeks to interfere with the freely negotiated contracts would be a very retrograde step in whichever sector it might apply.

David Lewis,
*David Lewis & Partners,*
*Catherine House,*
*76 Gloucester Place,*
*London W1H 4DQ*

# OBSERVER

## Asprey's jewel of the north

■ Britain may be in the grips of its worst recession since the 1930s but the House of Asprey, owners of the world's most expensive gift-shop, seems to be on a Ratners-style expansion binge.

First it gobbled up crown jeweller Garrard, and Paris's exclusive René Boivin not to mention Mappin & Webb. Now it has pocketed Hamilton & Inches, Edinburgh's royal silversmiths and official repairers of the Calcutta Cup.

When Asprey began buying up the opposition just under two years ago its market capitalisation was less than half the size of Gerald Ratner's family firm. Capitalised at over £200m, the 211-year-old Asprey is now five times as big as poor old Gerald's outfit, and its appetite is not yet sated. "We are in our prime; I am very bullish," says *Naim Attallah*, the well-known publisher who doubles up as Asprey's joint managing director.

Like all good jewellers he refuses to disclose how much he has paid for his " pearl of the North". The target was under-capitalised and feeling the recession, and Asprey could hardly turn down the chance of picking up Scotland's crown jewellers. However, Attallah insists that his firm is not over-expanding like Ratners. For a start he has no debt and close to £20m of cash in the bank. With Sears maintaining a protective stake Asprey seems safe enough for the moment.

## Duo to watch

■ It would be wrong to read Derek Bonham's appointment as Hanson's chief executive *as just a sop to City opinion.* It is a much more significant move than last October's "strengthening" of the board by the addition of a few tame non-executive directors.

Bonham has been made chief executive of the whole group and not just the UK bit, and although it is hard to imagine Lord White taking orders from the 48-year-old chief executive, time is on Bonham's side. It is early days yet but the combination of him and David Clarke, *chief executive of* Hanson's US operations, could develop into a sensible replacement for the elderly Lords Hanson and White.

However, Bonham will need to make his mark fairly soon, if he is to convince the City that anything has changed. Obviously, he can't kick Lord Hanson upstairs as life president just yet, but perhaps he will be able to dump some of the head office hangers-on.

On the other hand, it's not good news for the young Honourable Robert Hanson's prospects.

## Citizen Mills

■ *Dodgy estate agents*, Arthur Daleys and funeral directors massacring their industry code of practice had better watch their step. John Mills, the new director of consumer affairs at the Office of Fair Trading, *will be down on them with all* the authority of one with three years in the prime minister's Policy Unit under his belt.

The consumer world appeared bemused at yesterday's appointment. "Who he?", the chorus echoed, *dis*appointed that the job should have gone to a civil servant rather than a high-profile consumer advocate.

A career civil servant, Mills has spent most of his life at the Department of Trade and Industry. It was during his stint in the telecommunications and posts division between 1985 and 1989 that he almost certainly came to the *attention of Sir Bryan* Carsberg, the UK's telecoms regulator who is about to become director general of Fair Trading.

Still, Mills can already claim some credit for assisting the consumer of public services. He was Downing Street's man at the Adam Smith Institute seminar in February 1991 which *launched the PM's big* idea, the Citizen's Charter.

## Up the poll

■ Is Bob Worcester, ubiquitous *chairman of pollsters MORI*, taking refuge in an ivory tower so as to ponder the lamentable failure of his "science"?

Hard on the heels of the polling industry's election reversal, the London School *of Economics is making* Worcester visiting professor of government – his contribution will be a year's worth of lectures on public opinion. "He was very keen to come," says an LSE spokesman, adding that the institution's social scientists might have some valuable input into his line of market research.

Many a political scholar would be quicker to acknowledge Worcester's business skills than his academic talents. Honorary visiting professor of journalism at the City University (since 1990) is one thing, they sniff. But visiting professor of government ...

His students will eagerly await his considered conclusions on the lesson of April 1992 – *a rather* more honest assessment, it is to be hoped, than the version so far doled out to the country at large.

## Came the dawn

■ A couple of hundred alternatives later, the proud *name GMTV was yesterday* revealed to the world.

No, it's not the internal communication station for General Motors or even a rival to Granada in Greater Manchester. Having won the commercial breakfast franchise from TV-am, Sunrise Television has decided to change its name "to avoid *confusion with BSkyB's* breakfast programme".

To avoid a writ, more like. Sky News calls its breakfast segment Sunrise and isn't likely to beam on any namesake.

The arduous task to find a name viewers won't choke on naturally involved an opinion poll and the chewing over of focus groups; three dozen were seriously considered and a short list of six exhaustively researched.

After that little hiccup, what about the programme?

"Good Morning" to you all.

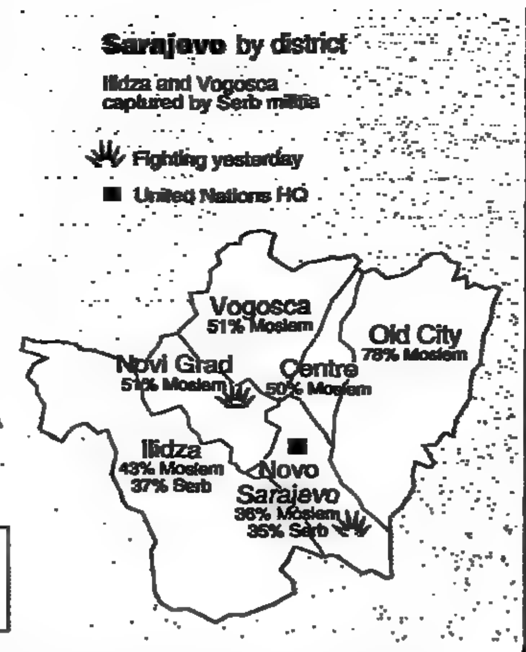
## Grows on you

■ Why did the girl take the mushroom to the disco?

Because he was a fun guy to be with.

FINANCIAL TIMES
Wednesday April 22 1992

## The battle for Bosnia - Hercegovina



### Serbia warned of sanctions if attacks on neighbouring republic continue

# Bosnia pushed closer to civil war

**By Laura Silber in Belgrade**

SARAJEVO, the capital of Bosnia-Hercegovina, was pounded by artillery and mortar fire yesterday as a Serbian assault pushed the newly independent republic closer to all-out civil war.

Serbia, under President Slobodan Milosevic, appeared willing to risk economic and political isolation from the international community as its forces pressed home their attack on Moslem-dominated areas of the republic.

The fighting in Sarajevo was seen by Bosnian leaders as an attempt to cut the capital in half, linking Serb-controlled districts together. Serb leaders claimed that Moslem militia had attacked them first.

Witnesses said United Nations peacekeepers based in Sarajevo drove around in armoured vehicles to try to help the wounded, who could not be reached by ambulance because of sniper fire. They said corpses were lying on the streets in the Novo Sarajevo and Novi Grad districts.

Casualty figures were difficult to confirm but television in Belgrade, the Serbian and federal capital, said at least three civilians had been killed and dozens wounded. The television centre in Sarajevo was repeatedly hit by mortars.

The federal army command in Sarajevo said two soldiers had been killed in an overnight attack. It also said the army "had not fired a single shot". Gunmen have blocked most main roads in Bosnia. Sarajevo yesterday was divided by road barricades, some manned by Serb militants and others by Moslems.

Elsewhere in the republic, Belgrade radio said Serb leaders in Vlasenica, a predominantly Moslem town in eastern Bosnia, had ordered the 55,000 inhabitants to hand over all illegal weapons.

Serb irregular forces have over the past month seized seven predominantly Moslem towns along or near the River Drina, which marks Bosnia's border with Serbia, forming a corridor of Serb-controlled territory to link up predominantly-Serb regions throughout Bosnia with Serbia.

The US and the European Community have warned Serbia that it may impose heavy sanctions, including a possible severing of diplomatic ties with what remains of Yugoslavia, if the Serbian government does not curb the fighting in Bosnia.

A diplomat based in Belgrade said: "Serbia is ignoring private and public warnings from the US and the EC. Milosevic is aware of the consequences but has made no attempt to stop the fighting. If the fighting progresses, Serbia will face some very serious sanctions."

If Serbia fails to move towards ending the violence in Bosnia by the end of this month, the Conference on Security and Co-operation in Europe has warned that it may exclude the rump Yugoslavia from the organisation.

Lord Carrington, chairman of the Yugoslav peace conference, is due in Belgrade tomorrow where he will endeavour to stop the fighting. Meanwhile, Mr Hans-Dietrich Genscher, German foreign minister, is embarking on a series of talks on Yugoslavia with some EC and east European countries and with the US.

Serbia has rejected international criticism that it is helping Serb irregulars in an attempt to stake claims on huge portions of territory in Bosnia. The Serbian government said yesterday, after Mr Milosevic had met a senior official of the US State Department: "Serbia has no territorial pretensions on others and from the very start has been for a peaceful and legal solving of the Yugoslav crisis."

The fighting in Bosnia erupted over Bosnian independence. Serbs, who make up 31 per cent of the 4.35m population, vehemently oppose independence which is supported by Moslems, who make up 44 per cent of the population and Croats (17 per cent). Clashes escalated after April 6 when the EC followed by the US recognised Bosnia.

A western diplomat yesterday said: "The fact that Bosnia is now internationally recognised in many ways makes the situation much clearer. Serbia is violating international law and borders. Bosnia is no longer a part of the rump Yugoslavia."

## THE LEX COLUMN

# The medicine goes down

Yesterday's further downward lurch in UK drug stocks confirms that the sector's extraordinary three-year bull market has come to an end. This partly results from a fresh bout of nerves about drug pricing. But more important is another familiar theme: the shift from defensive stocks into cyclicals.

This might be thought a bullish sign for the UK market as a whole. Sadly, it is not that simple. The driving force for the UK drug sector is the US investment community, which owns a quarter of Glaxo and a third of SmithKline Beecham. Those volatile and uncommitted holders drove UK drug stocks up last year when they decided domestic stocks like Merck were high enough. That they are now turning away from the sector, just as they did when the US bull market kicked off 10 years ago, may be good news for Wall Street. The implications for the UK market are purely secondary.

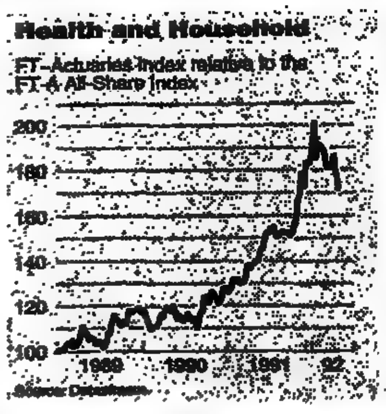
It is also evidence of US influence that drug pricing should have re-emerged as a source of worry at all. For several years, drug prices in most of the world have been flat even in nominal terms. In Japan they have actually fallen. Only in the US, the world's largest and most lucrative drug market – from which Glaxo, for instance, derives a third of its profits – have prices held up. Recent menacing noises from the US government about healthcare costs have upset US investors accordingly. They should have come as little surprise to anyone else.

In share price terms, the results of all this have been fairly dramatic. The S&P drugs sector peaked relative to the US market on January 13 this year. SmithKline Beecham and Glaxo peaked relative to the FT-SE on the same day, and have since underperformed by 17 per cent and 23 per cent respectively. The exception is Wellcome, which has underperformed by only 7 per cent. But Wellcome is unusual in that only some 2 per cent of its shares are held in the US. The success of its forthcoming share sale will largely depend on how far that can be changed. The climate scarcely looks propitious.

### Gilts

It is hard to find any immediate justification for Mrs Thatcher's alarm over the state of government finances. True, the PSBR will double to £28bn this year, but the gilts market barely flinched at yesterday's £2.5bn auction announcement. With that money secured, the Bank of England already has some £8bn in the bag. So strong, it seems, is the demand for gilts since the election that the PSBR appears disappointingly small.

FT-SE Index: 2625.8 (-12.8)



Since a large part of the demand for UK government paper comes from abroad, that also implies little immediate grounds for alarm about the current account deficit. The Bank's decision to make the auction issue free of tax to non-residents suggests it perceives overseas demand even for the longest-dated gilts. If non-residents buy only half the £30bn in gilts expected to come on offer this year, they would produce a capital inflow sufficient to cover the government's estimated current account deficit more than twice. Indeed, far from being a threat to recovery, the rising trade deficit could be dismissed as a natural corollary to the capital inflow.

It is only because such a situation is not sustainable in the long term that Mrs Thatcher's strictures make sense. In the early 1980s the US happily managed to run large deficits on its government and current account thanks to inflows of foreign money into the Treasury bond market. The difference between that situation and the UK today is that, when foreign investors became sated, the US was at least able to tackle its trade deficit by devaluation. That route would not be open to the UK as a member of the ERM. Though the UK's semi-fixed exchange rate encourages capital inflows, it also means the burden of any eventual adjustment will fall more heavily on government spending: all the more so since a high exchange rate will prevent growth snapping back with any vigour, limiting the cyclical effect of recovery on the PSBR.

There are also more immediate reasons why the Bank of England should not get carried away by its funding success since the election. Gross gilt sales will still need to run at a rate of some £2bn a month for the rest of 1992-93 if the requirement is to be met. Also, £1.75bn of the auction proceeds will only flow into its coffers in May and June. The partly-paid structure may offer leverage to investors hoping for a further fall in nominal yields, but later issues will hit a market cluttered by sizeable calls on investor cash.

### UK economy

The latest KPMG survey of UK companies going into receivership paints a tantalising picture of the economy. The 31 per cent rise in receiverships in the first quarter was in sharp contrast to a year-long plateau. Though the approach of the election complicated the picture, the increased preponderance of retailers and service companies among the failures is consistent with the idea of businesses having been hanging on for a Christmas recovery that failed to materialise.

The difficulty lies in interpreting the evidence further. The survey tells us nothing about the size of company going under, so it is hard to measure the impact on the economy or the banking sector. It will be another quarter or two before any change in the trend is apparent, if only because for every company going down there may be two which the banks are quietly keeping afloat for the moment. In part, the banks are keen to avoid bad debts on top of their already hefty provisions. Equally, they may have written the debt off already and be holding on until the market for bankrupt assets improves. In either case, history suggests a further round of companies will go bust for lack of working capital when recovery gets decisively under way.

It is perhaps the more curious that the Hoare Govett small companies index lost a mere eight constituents to receivership in the first quarter, but lost 13 to takeover, some admittedly at fire-sale prices. The failure rate is running one-third below last year's level when logic suggests it should be rather higher. Whether this is a sign of recovery is anyone's guess. But it may fill one gap in the KPMG survey – the majority of companies going under are presumably too small to have gone public at all.

# No government in sight as Italian parliament opens

**By Robert Graham in Rome**

ITALY'S 11th post-war parliament is due to open tomorrow paving the way for formal talks on the creation of a new government.

The political parties have so far made virtually no progress towards forming a government since the general elections on April 5, confining themselves to a ritualistic statement of their positions.

The first item on the agenda of the new parliament will be the election of leaders of the 630-seat chamber of deputies and the 315-seat senate. On Friday, Mr Giulio Andreotti, the outgoing prime minister, is due to submit his resignation.

Parliamentary groups will then be formed, opening up formal consultations on a new government. It will be the 51st government since the war though only the 11th parliament because the frequent changes of government have not often necessitated fresh general elections.

The most significant development has been the way in which the Christian Democrats have decided to close ranks after their vote fell below 30 per cent for the first time. Last week a special two-day congress rejected the resignation of Mr Arnaldo Forlani. The party secretary-general tendered his resignation after the elections.

By maintaining Mr Forlani in his post, which he is due to leave in the autumn, the Christian Democrat leadership indicated it was not prepared to contemplate a radical shake-up at this stage. This was despite calls from some younger members for the ageing leadership to step down in recognition of the large protest vote directed against the long-ruling Christian Democrats by the electorate.

The Christian Democrats remain confident that as the country's largest party they will be the centre of any new government.

They are also counting on the support of the Socialists and their other two minority party allies, the Liberals and the Social Democrats.

Although this four-party coalition has a majority in the chamber of deputies, it lacks the political credibility to act as a government to introduce the necessary institutional reforms and tough economic measures.

This is why the Socialists have made tentative overtures to the group of former communists, the Party of the Democratic Left (PDS), which with 16 per cent of the vote is the second largest party.

The PDS is aware its participation in a government would provide the necessary credibility and cross-party support for reform. However, it is playing hard-to-get and wants to make the point that the rules of the game have changed.

President Francesco Cossiga has been carrying out preliminary consultations and over the weekend backed the idea of a government of "technicians" – a proposal put forward by Mr Giorgio La Malfa, leader of the small centre-left Republican party. However, Mr Cossiga is profoundly mistrusted by most of the parties, and few would want to let him claim the kudos for knocking heads together to form a government.

The choice of leaders of the two houses is important: these are prestigious posts, and the parties' behaviour in the nominations could indicate their attitude towards future government alliances. The easiest option would be to reconfirm Mr Giovanni Spadolini the republican leader of the chamber and Ms Nilde Iotte the PDS leader of the Senate.

# Thatcher sets off political row with remarks on Major

**By Alison Smith in London**

BRITAIN'S ruling Conservative party yesterday sought to play down the impact of a magazine article in which Mrs Margaret Thatcher, the former prime minister, asserted that her successor, Mr John Major, was "not his own man" and that there was no such philosophy as "Majorism".

Some rank-and-file Conservative members of parliament expressed anger at Mrs Thatcher's words in the US magazine Newsweek, but others defended her freedom to continue expressing her views.

In a characteristically forthright interview – her first since the election on April 9 – Mrs Thatcher issued warnings about the government's future course on public spending and on its industry policy. She also repeated her fundamental tenet that the government's task was to have sound finance with low public expenditure and borrowing.

Her criticism of an interventionist stance and of the belief that government could successfully second-guess industry were seen as directed particularly against Mr Michael Heseltine, the new trade and industry secretary, whose challenge to her leadership led to her resignation in November 1990.

Few Conservatives wished to stoke up the row by commenting publicly on the article, but Mr William Powell, Mr Heseltine's parliamentary private secretary, condemned it for "reeking of triumphalism".

Mr Major's office yesterday refused to comment on the article, but Mr Douglas Hurd, foreign secretary, pointed out that the prime minister himself had said there was no such thing as "Majorism".

Mr Hurd said that Mr Major was "putting his own stamp on the future course of the government". Mrs Thatcher, he added, had played "a stalwart part in the election campaign. She will play a stalwart part in the future life of the government."

While senior ministers expect Mrs Thatcher to continue speaking out, there is less concern now that Mr Major has won his own mandate and can imprint his own view on government over the next four to five years.

What Thatcher wrote, Page 8

# Yeltsin presses Congress

Continued from Page 1

ment where it is bound to be a divisive issue.

He told the deputies that they had achieved little in more than two weeks of often acrimonious debates, citing their refusal to tackle the critical state of agriculture and to pass a law allowing private ownership of land.

Implying that the former Communists in the Congress had mounted a concerted attack on his government, he said that "the nomenklatura reaction did not go through at this congress" – adding that the calls from many deputies to restore the Soviet Union were "demands for the creation of the parallel structures of a second power".

The Congress refused even to discuss another bill tabled by Mr Yeltsin demanding that he be given the right to appoint the central bank chairman – presently responsible to the parliament. Mr Ruslan Khasbulatov, the parliament speaker, said such a proposal would never succeed while he was in the chair.

## World Weather

| | | °C | °F |
|---|---|---|---|
| Ajaccio | S | 17 | 63 |
| Algiers | S | 21 | 70 |
| Amsterdam | S | 14 | 57 |
| Athens | F | 17 | 63 |
| Bahrain | S | 26 | 79 |
| Bangkok | F | 38 | 100 |
| Barcelona | S | 17 | 63 |
| Beijing | S | 22 | 72 |
| Beirut | S | 19 | 66 |
| Belfast | C | 10 | 50 |
| Belgrade | S | 11 | 52 |
| Berlin | S | 11 | 52 |
| Biarritz | C | 13 | 55 |
| Bombay | S | 32 | 90 |
| Bordeaux | C | 15 | 59 |
| Boulogne | S | 16 | 61 |
| Brussels | S | 15 | 59 |
| Budapest | S | 10 | 50 |
| Buenos Aires | F | 20 | 68 |
| Cairo | C | 25 | 77 |
| Cape Town | S | 21 | 70 |
| Caracas | C | 33 | 91 |
| Casablanca † | F | 22 | 72 |
| Chicago † | | – | – |
| Cologne | S | 15 | 59 |
| Copenhagen | S | 10 | 50 |
| Corfu | S | 18 | 64 |
| Dallas † | | – | – |
| Dublin | C | 11 | 52 |
| Dubrovnik | | – | – |
| Edinburgh | S | 14 | 57 |
| Faro | S | 23 | 73 |
| Florence | S | 21 | 70 |
| Frankfurt | S | 14 | 57 |
| Geneva | S | 15 | 59 |
| Gibraltar | S | 19 | 66 |
| Glasgow | F | 12 | 54 |
| Helsinki | Sn | 2 | 36 |
| Hong Kong | F | 27 | 81 |
| Innsbruck | S | 18 | 65 |
| Inverness | C | 12 | 54 |
| Islamabad | C | 22 | 72 |
| Istanbul | R | 10 | 50 |
| Jakarta | R | 32 | 90 |
| Johannesburg | F | 25 | 77 |
| Lisbon | S | 22 | 72 |
| London | F | 15 | 59 |
| Los Angeles † | S | 17 | 63 |
| Luxembourg | S | 14 | 57 |
| Madeira | S | 24 | 75 |
| Madrid | S | 25 | 77 |
| Majorca | S | 22 | 72 |
| Malaga | S | 21 | 70 |
| Malta | S | 20 | 68 |
| Manila | C | 35 | 95 |
| Melbourne | C | 14 | 57 |
| Mexico City | C | 27 | 81 |
| Miami † | F | 24 | 75 |
| Milan | F | 17 | 63 |
| Montreal † | S | 14 | 57 |
| Moscow | R | 5 | 41 |
| Munich | S | 13 | 55 |
| Nairobi | | – | – |
| Naples | F | 20 | 68 |
| Nassau | F | 27 | 81 |
| New Delhi | | – | – |
| New York † | Fg | 8 | 46 |
| Nice | F | 17 | 63 |
| Nicosia | S | 18 | 64 |
| Oporto | S | 14 | 57 |
| Oslo | S | 7 | 45 |
| Paris | S | 18 | 64 |
| Prague | S | 11 | 52 |
| Reykjavik | Sn | 4 | 39 |
| Rhodes | S | 18 | 64 |
| Rio de Janeiro | C | 32 | 90 |
| Rome | S | 17 | 63 |
| Salzburg | S | 14 | 57 |
| S.Francisco † | S | 12 | 54 |
| Seoul | H | 12 | 54 |
| Singapore | | – | – |
| Stockholm | F | 4 | 39 |
| Strasbourg | S | 17 | 63 |
| Sydney | F | 22 | 72 |
| Taipei | F | [illegible] | [illegible] |
| Tangier | F | 23 | 73 |
| Tel Aviv | S | 23 | 73 |
| Tenerife | F | 21 | 70 |
| Tokyo | S | 20 | 68 |
| Toronto † | F | 13 | 55 |
| Tunis | S | 21 | 70 |
| Valencia | S | 22 | 72 |
| Venice | S | 15 | 59 |
| Vienna | S | 10 | 50 |
| Warsaw | C | 7 | 45 |
| Washington † | C | 18 | 64 |
| Zurich | S | 14 | 57 |

Temperatures at midday yesterday
† Noon GMT temperatures
C–Cloudy Dr–Drizzle F–Fair Fg–Fog H–Hail R–Rain S–Sunny Sl–Sleet Sn–Snow T–Thunder

# COMPANIES & MARKETS

Wednesday April 22 1992

## INSIDE

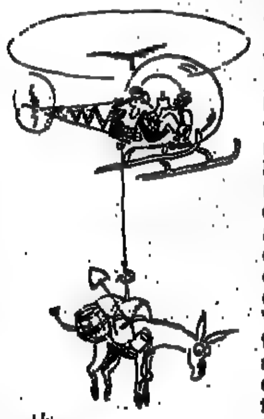
### IBM in chip accord with Thomson-CSF

International Business Machines, the US computer group, and Thomson-CSF, the French state-controlled defence electronics group, have agreed a technology and marketing accord for a new generation of chips. **Page 20**

### Time Warner improves

Time Warner, the US media and entertainment group, yesterday reported a first-quarter revenue increase in its five divisions, turning last year's $50m quarterly loss into a net profit of $3m. Operating earnings for the period were $561m on total revenues of $3bn. **Page 21**

### North for the diamonds!



The biggest rush to stake mining claims in the history of the North American industry is going on in Canada's Northwest Territories. At least 22,600 sq km have been staked, much of it by helicopter. The cause of all the northern excitement – likened by some observers to the Yukon gold rush of the last century – is a group of 81 small diamonds, each less than 2mm in diameter but some of gem quality. The diamonds were in a 465 ft length of core drilled by a joint venture owned by BHP, Australia's biggest corporation, and Dia Met Minerals, a small Canadian exploration company. **Page 28**

### Shake-up at Comex

Ms Donna Redel, the first woman to chair a commodities exchange, has set herself the task of reviving the fortunes of the New York Commodity Exchange by boosting volume and lowering costs. Less than a month in the top job at Comex, she has already approached European exchanges on ways to co-operate. Barbara Durr reports. **Page 28**

### Hoogovens and Usinor in deal

Usinor Sacilor, the world's second largest steelmaker, has struck a production-sharing accord with Hoogovens, its Dutch competitor, which paves the way for Hoogovens to close a 45-year-old heavy plate rolling mill. **Page 20**

### Another record at EIS

EIS Group, the UK specialist engineer, yesterday reported pre-tax profits up 6 per cent to £14.4m ($25.2m) in the year to 31 December, extending an unbroken 21-year record of continuous profit and dividend growth. **Page 27**

### Market Statistics

### Companies in this issue

### Chief price changes yesterday

**FRANKFURT (DM)**

| | | | |
|---|---|---|---|
| **Rises** | | | |
| Heidelb Zem | 960 | + | 10 |
| Rheinelektra | 1335 | + | 16 |
| **Falls** | | | |
| Colonia Konzern | 1000 | − | 20 |
| Goldschmidt (TH) | 860 | − | 20 |
| IKB Deutsche Ind | 268 | − | 6 |
| Lahmeyer | 761 | − | 14 |

**NEW YORK ($)**

| | | | |
|---|---|---|---|
| **Rises** | | | |
| Citicorp | 17⅝ | + | ⅜ |
| Seagate Tech | 15⅛ | + | ⅝ |
| Wells Fargo | 74 | + | 7¾ |
| **Falls** | | | |
| MIPS Computer | 8⅝ | − | 2⅛ |
| [illegible] | 44⅞ | − | 11⅜ |
| Synopsys | 27½ | − | 1⅞ |

New York prices at 12.30pm.

**PARIS (FFr)**

| | | | |
|---|---|---|---|
| **Rises** | | | |
| Fonc Lyonnaise | 660 | + | 20 |
| Imm de France | 79 | + | 24 |
| Selimeg | 460 | + | 14.4 |
| Sinco | 457.9 | + | 16.9 |
| **Falls** | | | |
| Industrielle | 7100 | − | 200 |
| Worms Cie | 325 | − | 13 |

**TOKYO (Yen)**

| | | | |
|---|---|---|---|
| **Falls** | | | |
| Koyo Iron Works | 650 | − | 80 |
| Nihon Unisys | 1100 | − | 140 |
| Nihon Seima | 205 | − | 30 |
| Nippon Kasei | 308 | − | 32 |
| [illegible] | 676 | − | 77 |
| [illegible] | 530 | − | 60 |

**LONDON (Pence)**

| | | | |
|---|---|---|---|
| **Rises** | | | |
| Albion | 55 | + | 14 |
| Avonside | 120 | + | 5 |
| Boot (H) | 820 | + | 22 |
| British Land | 215 | + | 23 |
| Delyn | 42 | + | 5 |
| Etam | 241 | + | 11 |
| Greenacre | 8 | + | 2 |
| Heritage | 30 | + | 2 |
| Kingston Oil | 83 | + | 7 |
| Kynoch (G & G) | 48 | + | 6 |
| MEPC | 317 | + | 17 |
| [illegible] | 112 | + | 10 |
| Neepsend | 30 | + | 3 |
| RMC | 867 | + | 22 |
| Ransomes | 28 | + | 4 |
| Ropner A | 117 | + | 10 |
| Schroders NV | 945 | + | 27 |
| Tie Rack | 48 | + | 2½ |
| **Falls** | | | |
| Fospel Trading | 65 | − | 5 |
| Glaxo | 754 | − | 34 |
| Medeva | 254 | − | 25 |
| SmKl BeechamA | 833 | − | 38 |

## Property developer seeks £100m loan to pay for next 90 days work at Canary Wharf

# O&Y says it will run out of cash in May

By Robert Peston in London and Bernard Simon in Toronto

OLYMPIA & YORK, the world's biggest property developer, will run out of cash at the beginning of May, according to information the group has supplied to its bankers.

This deadline in O&Y's battle to avoid filing for protection under bankruptcy procedures emerged yesterday, as the group began a two-day series of meetings with bankers in London, to persuade them to provide a new £100m ($177m) loan to cover the costs for the next 90 days of work on the Canary Wharf office development in London's docklands.

A banker at the centre of negotiations with O&Y warned yesterday that the group would find it difficult to obtain the new bank loans it requires. "It is too early to say whether we will agree to put up the new money", he said. "There is no possibility of a decision today or tomorrow."

O&Y had been hoping that banks would agree this week to provide it with £100m for Canary Wharf and a separate C$100m (US$84m) loan for Canadian expenses. Mr Steve Miller, the partner of investment bank James D Wolfensohn, who is in charge of O&Y's bank negotiations, was in London yesterday talking to the leading lenders to the Canary Wharf project.

A banker said the £100m required for Canary Wharf may not appear very large, but that sum was forecast to cover expenses only for the 90 days during which O&Y hopes to complete its negotiations on a reorganisation of all its C$14.3bn debt. Over the next two years, it needs £350m for Canary Wharf, described by the banker "as a large sum of money".

O&Y was yesterday also holding talks with Canadian banks in Toronto. One complication in its attempts to raise new money is that groups of banks are at loggerheads over which of them should provide the funds.

Any new loans for Canary Wharf will come from the existing lenders to that project. But there are two groups of lenders – one "club" of 10 international banks which has provided £500m and another group of four Canadian banks which have lent £450m. The club of 10, including Hongkong and Shanghai Bank, Citicorp of the US, Crédit Suisse of Switzerland, Barclays of the UK and its rival Lloyds, is arguing that the four Canadians, which include Canadian Imperial Bank of Commerce, Royal Bank of Canada and Bank of Nova Scotia, should provide the lion's share of the money because the Canadians have inferior security and therefore have the most to lose if O&Y were to collapse.

However, the Canadian banks are also being asked to provide the new money for O&Y's Canadian operations, putting a huge burden on them.

O&Y has many different credit lines for different purposes in the UK, the US and Canada. It has been trying to persuade its 100 banks to form 12 different negotiating groups.

In a separate development, Trilon Financial Corporation, a financial services holding company, said yesterday that O&Y has sold the bulk of its 9.5 per cent interest in the company to a pension fund. O&Y is thought to have raised around C$65m from the disposal.

## The bid for Midland may become a two-horse race, writes **Robert Peston**

# Lloyds Bank eyes Midland's riches

### The Hongkong and Shanghai Bank attempt to buy a UK clearer may be thwarted by the Black Horse

Lloyds Bank will this week decide whether to make its biggest gamble since it tried and failed to acquire Standard Chartered, the international bank, in 1986.

On Friday, Lloyds' board is expected to discuss whether the clearing bank should challenge Hongkong and Shanghai Bank's attempt to buy Midland by making its own takeover offer.

Banking sources say that opinions within the board on whether to enter the battle are evenly split.

If Lloyds were to intervene, it would merely state an intention to bid rather than put a price on Midland. Any detailed offer would have to get past the competition authorities in the European Community and the UK.

According to his colleagues and advisers, Mr Brian Pitman, Lloyds' chief executive, will be disappointed if Lloyds holds back. He has been planning such a takeover attempt for more than a year and has been working on it, with the help of the merchant bank, Barings, since last December.

Senior bankers at Lloyds say Mr Pitman has no doubts about the huge incremental profits it can make by combining its UK operation with Midland's. Most of that profits growth would come from cutting overheads, especially staff costs.

At the end of December, Midland had 57,640 employees, of which 51,000 were based in the UK, while Lloyds' staff, excluding those employed by its life insurance subsidiary, Lloyds Abbey Life, numbered 57,877 and most were UK based.

Another big running cost in any bank is incurred in maintaining a network of high street branches. Midland has 1,830 branches, whereas Lloyds has 2,000. Lloyds would plan to combine the branch networks and close adjacent outlets. Over a three-year period it would expect to close more than 1,000 branches and reduce staff numbers by more than 20,000. There would also be large savings from merging the two banks' head offices and sacking a group of senior managers.

Lloyds estimates this would lead to cost savings of more than £500m ($875m), and perhaps close to £1bn. Those savings should be compared with the two banks' combined profits for 1991 of just under £700m before tax.

That target for cost savings is not particularly ambitious. In the US, Chemical Bank estimates that its recent merger with Manufacturers Hanover will lead to cost savings of $750m, even though the two banks had much smaller branch networks than either Lloyds or Midland.

No one on the Lloyds' board doubts the financial merits of making a takeover bid. Lloyds would have to offer much more than the £3.1bn at which the Hongkong Bank bid values Midland.

But Lloyds can afford to offer more. Hongkong Bank would not be able to reap cost savings at Midland equivalent to those available to Lloyds, as Hongkong Bank does not have a UK branch network.

Lloyds has been assessing the attitude of its shareholders and those of Midland's to a bid and it has little doubt that they would like it to enter the fray. Some of the big investors in the two banks confirm this view.

However, a contest for control of Midland between Lloyds and Hongkong Bank would not be decided by the stock market alone.

The UK and European Community competition authorities would wish to examine in detail whether the combination of two big UK banks would operate against the public interest.

At the Department of Trade and Industry, Lloyds has sounded out Sir Peter Gregson, the permanent secretary. It has also had discussions with Sir Gordon Borrie, the soon-to-retire director-general of the Office of Fair Trading.

Lloyds is concerned that the two banks' combined share of the small business loans market would be big enough to persuade the DTI that any proposed deal would be subject to detailed and lengthy scrutiny by the Monopolies and Mergers Commission.

Because of the vital role which would be played by the small business sector in any economic recovery, the government would be concerned that a deal between Lloyds and Midland might reduce the supply of new finance to this sector.

Lloyds' worst fear is that a bid from it would be referred to the MMC, though one by Hongkong Bank would not. If that happened, Midland's shareholders might opt to back the Hongkong Bank bid, for fear that an offer from Lloyds would be blocked.

Bankers at Lloyds also admit it would be difficult to persuade the MMC that there would be adequate competition in the small business market if it were dominated by just three big banks – Barclays, National Westminster and the combined Lloyds/Midland.

If Lloyds does bid, it will lobby the Brussels authorities and the DTI to inquire into Hongkong Bank's bid for other reasons, such as the need to assess competition within the UK banking market in general or the threat to Midland's depositors were there to be economic upheaval in Hong Kong after China regains control of the colony in 1997. Lloyds' case would be helped if it had the support of the Bank of England, but the Bank is expected to remain neutral in the struggle.

Members of Lloyds' board are therefore divided about whether they should enter the fray given the risk that any bid would be blocked by the authorities. Sir Jeremy Morse, Lloyds' chairman, is believed to be more concerned about the risks of failure than Mr Pitman. However, Sir Robin Ibbs, Sir Jeremy's heir apparent, is said to be broadly in favour of making an offer.

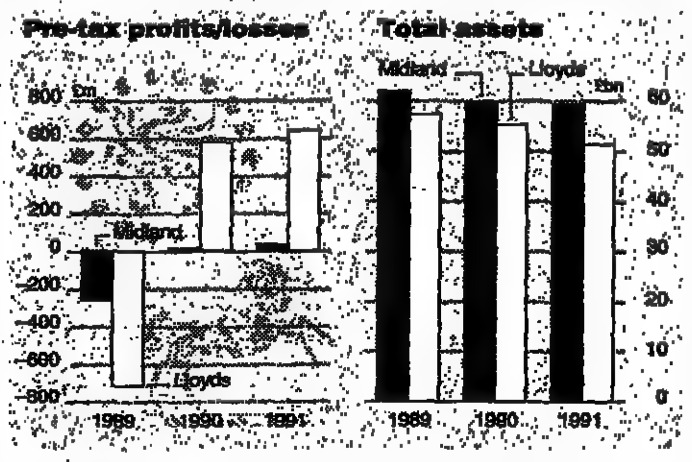
Some Lloyds' bankers see little shame in trying and failing. After all, it is an open secret in the City of London that Lloyds held detailed talks with Midland about making an offer in March.

Indeed, there would be a significant cost in not trying at all. In an interview earlier this year, Mr Pitman said he expected banks' income growth in the 1990s to be sluggish and therefore profits growth would have to be generated by cost cutting.

Lloyds has cut its overheads further than its rivals. To keep up its superior profits record it needs to make an acquisition.

It has evaluated making bids for TSB Group, Royal Bank of Scotland and Standard Chartered. But it is convinced that the spoils available from buying one of these would be trivial compared with Midland's riches.

Editorial Comment, Page 16; Letters, Page 17



Brian Pitman: colleagues and advisers say he will be disappointed if Lloyds holds back from this challenge

# Hanson may take part-time position

By Roland Rudd in London

LORD HANSON, chairman of the Anglo-US industrial conglomerate that bears his name, may elect to have a non-executive role as more of the day-to-day managerial decisions are left to Mr Derek Bonham, who has been appointed to the newly-created post of chief executive.

He said yesterday: "James [Hanson] has a lot to contribute. But he may become part-time and decide to elect for a non-executive role. The situation is likely to be reviewed as time goes on and he will make that announcement in due course."

It was not clear yesterday if Mr Bonham, who had been Hanson's finance director, had responsibility for Hanson Industries in the US and the UK.

Mr David Clarke, deputy chairman of Hanson Industries and the named successor to Lord White, chairman of Hanson's US arm, said: "There is no conceivable way that Derek Bonham would have anything to do with those matters outside Lord Hanson's domain."

While Mr Clarke praised Mr Bonham's abilities he said there was a clearly defined role for a chief executive in the UK while he would continue to be in charge of the US businesses.

Mr Bonham said he had a developing role which would extend across both sides of the Atlantic. "I am chief executive of Hanson PLC but there is only one balance sheet on which to drive the companies."

Both Mr Clarke and Mr Bonham stressed how they had enjoyed working together.

Tax wizard, Page 18

# Citicorp doubles profits despite big property losses

By Martin Dickson in New York

CITICORP, the largest banking group in the US, yesterday reported doubled first quarter profits and said it expected to regain its normal earnings capacity by the year-end.

The bank, which has been hurt by the crisis of the past two years in the US and foreign property markets, is in the throes of a reorganisation and capital building programme.

It reported net income of $183m, or 37 cents a share, compared with $93m, or 17 cents a share, in the same period of 1991.

The continuing heavy impact of property problems were shown in its $1.23bn provision for credit losses. This compared with $1.15bn in the fourth quarter and $812m in the same period of last year. North American commercial property made up $588m of the total, compared with $562m in the previous quarter and $175m a year ago. Net write-offs totalled $997m, compared with $646m a year ago, with North American property making up $362m, against $86m a year ago.

Mr John Reed, chairman, said the US property market and Citicorp's portfolio had stabilised. But he repeated that write-offs and other costs of commercial credit would continue to be as high in 1992 as 1991.

He said the quarter's results reflected "continuing progress towards the successful completion of Citicorp's two-year programme to restore profitability, build the company's capital position and further develop core business franchises".

Net interest revenue rose 4 per cent to $1.83bn, while the net interest margin rose to 3.76 per cent from 3.66 a year ago.

The operating margin – the difference between revenues and operating expenses – rose 23 per cent to $1.7bn, helped by a 5 per cent growth in revenue and a 6 per cent decline in expenses.

Its global consumer business produced a 61 per cent improvement in net income to $260m, helped by credit card revenue growth in the US, and by a good performance in Germany. Operating expenses fell 5 per cent.

The global finance business, which includes most of its commercial business, reported net income down from $212m to $161m.

The bank's North American commercial property operations, which have been reorganised as a separate reporting category, lost $463m, against $124m a year ago.

# NatWest expects US turnround

By Robert Peston in London

NATIONAL Westminster Bank's US operations are on course to make after-tax profits of more than $100m this year, having made cumulative losses of $860m since 1989.

This was confirmed by Mr John Tugwell, chairman of the US subsidiary, NatWest Bancorp, who said yesterday he expected "$100m to $120m profit for the year".

The bank has suffered since 1989 from exposure to the depressed New Jersey property market. However Mr Tugwell said reserves to cover future loan losses were now more than adequate.

He said the Office of the Comptroller of the Currency, which regulates US banks, had agreed that NatWest Bancorp had a "surplus of tens of millions of dollars" in its loan-loss reserve above the amount needed as cover against losses.

NatWest's gross income in the US is more than $1bn, compared with expenses of $650m. It would therefore make a pre-tax profit of $350m in the unlikely event there were no loan losses.

However, Mr Tugwell said even a profit of $350m would not represent an acceptable return on the capital NatWest had invested. "We have to get to $400m in the long term," he said.

He hinted, however, that NatWest was not keen to dispose of its US business in the near future. He said the US operation would not have to pay tax on the next $1bn of profit because it was able to carry forward for tax purposes the losses it had been making.

However any bank which bought the US business would not have the benefit of these tax losses, under US tax rules. So he said it made sense to "keep [the business] until it has made $1bn of profits".

Nevertheless, senior New York bankers say both Chase Manhattan Bank and Chemical Bank, two of the biggest US banks, are interested in acquiring NatWest's network of 270 branches.

Mr Tugwell said he was interested in buying bank branches to add to the existing network of 270. "We need a greater concentration of branches," he said. He would also like to acquire credit card businesses.

He became chairman of NatWest Bancorp last year and, since then, has changed the bank's system of assessing credit risk, made "dozens" of senior staff changes and retrained staff.

"We are taking loan [business] from other banks," he said. However, his main strategy for developing income was to push up the number of services the bank sold to each of its 1.25m US customers.

At the moment, it sells just over one service per customer. For example, holders of an account rarely get their credit card from NatWest Bancorp. Mr Tugwell has set a target of two services per customer by the end of 1993.

# Vickers sees further losses at Rolls-Royce

By Kevin Done,
Motor Industry Correspondent

VICKERS expects its troubled Rolls-Royce Motors Cars subsidiary to suffer a trading loss of £15m-£20m ($25.5m-$34m) this year compared with more than £30m in 1991 in the face of continuing weak demand in particular in the UK and in Japan.

In spite of continuing speculation about the possible sale of the prestige car operations to a foreign car maker, the company insisted yesterday that no such deal would be disclosed at the Vickers shareholders meeting tomorrow.

Exploratory talks have been held with several groups, but BMW, the German executive and luxury car maker, has remained the front-runner for a possible co-operation deal.

BMW already has some collaborative links with the Rolls-Royce car operations, and Mr Eberhard von Kuenheim, the BMW chairman, paid a recent visit to the Rolls-Royce car plant in Crewe.

However, the German car maker yesterday officially repeated its earlier denials of any pending deal with Vickers and insisted that no talks about a takeover or the acquisition of a minority stake in Rolls-Royce Motor Cars had taken place.

Vickers has been forced to review urgently its future ownership of the Rolls-Royce and Bentley car business, which last year dragged the whole of Vickers into loss and forced it to cut its dividend.

Rolls-Royce Motor Cars lost half of its market last year in the face of the deep recession in its two main markets, the US and the UK.

Sales worldwide fell by 48.3 per cent to 1,723 – the lowest level since 1968 – from the record 3,333 achieved in 1990. Sales in the UK halved to 513 from 1,007, while sales in the US plunged by 65.2 per cent to only 400 from 1,149 in 1990 and 1,216 in 1989.

Conditions have remained tough. In the UK, in the uncertain run-up to the general election, sales plunged again to only 109 cars from 209 in the same period a year ago. Sales in Japan in the first two months fell to only 32 from 109 a year ago.

However, the picture in the US has brightened a little with a 30 per cent rise in the first quarter albeit from a very depressed level a year ago, when sales were hit by the luxury tax and the Gulf war.

Vickers is looking for some recovery later in the year and is hoping that Rolls-Royce could reach break-even point during the second half.

The break-even point has been reduced to less than 2,000 cars a year with drastic cuts in the Crewe workforce last year.

Output fell last year to only 1,620 cars from 3,274 in 1990. Vickers is hoping that overall Rolls-Royce/Bentley sales volumes this year will at least equal the depressed level of 1991. It expects a richer model mix with the build-up of sales of the high-priced Bentley Continental R coupe, the first uniquely styled Bentley since 1952.

# Trygg-Hansa SPP improves to SKr531m

By Sara Webb in Stockholm

TRYGG-HANSA SPP, the Swedish insurance group, reported an operating profit of SKr531m ($88m) for 1991, representing a five-fold increase on the previous year when the group suffered heavy losses on share investments. However, the operating profit is still well below the level achieved in 1988 and 1989.

Trygg-Hansa SPP said its 1991 figures were seriously hit by losses in Gota, the Swedish commercial banking group which showed heavy credit losses in the real estate and finance company sectors.

The insurer, which owns 43.5 per cent of the share capital and 48.3 per cent of the voting rights in Gota, made a SKr1.5bn bid for the outstanding shares in the banking group a week ago in an attempt to quell doubts about Gota's financial stability.

The insurance group plans to pay for the Gota shares with a new issue of its own shares and will issue SKr3bn in convertible debentures later this year in order to strengthen its capital structure.

Gota's heavy losses led to a SKr850m loss for Trygg-Hansa SPP last year, curbing the recovery in the group's operating profit.

However, Trygg-Hansa SPP said the profit from its underlying insurance business – which is predominantly consumer insurance – reached a record level, increasing by 50 per cent to SKr931m, against SKr621m in 1990.

Premium income increased by 13 per cent to SKr7.47bn and Trygg-Hansa SPP said its growth in costs slowed to SKr2.008bn, compared with SKr1.789bn in 1990, contributing to the improvement in the insurance results.

The board proposed maintaining the dividend at SKr4.

# Hoogovens to close plant after Usinor deal

By William Dawkins in Paris

USINOR SACILOR, the world's second largest steelmaker, has struck a production sharing accord with Hoogovens, its Dutch competitor, which paves the way for Hoogovens to close a 45-year-old heavy plate rolling mill.

Hoogovens is to close by the end of 1992 its 140,000 tonne per year Walserij West mill, and then buy its supplies of heavy plate exclusively from the French group's more modern plant.

Heavy plate, one of the most depressed sectors of the steel industry, is mainly used in civil engineering, shipbuilding and to make large soldered pipelines for the oil, gas and water industries.

In return for Usinor Sacilor's heavy plate, Hoogovens will provide the French company with an equivalent tonnage of hot rolled coil, principally used in the car and packaging industries.

This is the latest example of restructuring between European steel companies, and is one of the ways in which the industry has responded to the recent decline in world steel demand.

For similar motives, Usinor Sacilor two years ago combined its large pipe making plants with Mannesman Röhrenwerke, the leading German steel tube and pipe maker.

The joint venture, Europipe, happens to be a leading user of plate of the type made by Hoogovens' Walserij West plant.

Usinor Sacilor will supply Hoogovens from its two plate rolling mills GTS in Dunkerque, northern France and Dilling in Germany.

The two plants produce more than 2m tonnes of plate annually, making Usinor Sacilor the world's biggest supplier.

Hoogovens says it hopes to find other jobs for the 300 workers at Walserij West.

# IBM and Thomson-CSF unveil technology accord

By William Dawkins in Paris

INTERNATIONAL Business Machines, the US computer giant, and Thomson-CSF, the French state-controlled defence electronics group, yesterday announced a technology and marketing accord for a new generation of chips.

They have reached agreement in principle for Thomson-CSF to be licensed to make a new chip being developed by IBM and Motorola, the US electronics group. Thomson-CSF will then customise the chip, known as a Power PC microprocessor, for its own products: high-speed computers, working in real time, for space, military and industrial use.

The Power PC is being developed with Motorola, the US electronics group, as part of the partnership between IBM and Apple, the personal computer maker, announced last summer. The new chip, to be used in IBM and Apple's future personal computers and workstations, is based on IBM's reduced instruction set computing (Risc) technology, which enables computers to execute instructions faster.

The Thomson-CSF deal helps IBM to enlarge the potential market for computers using Power PCs, against rivals such as Hewlett Packard and Digital Equipment, which had also been courting the French company for a technology accord.

IBM will market versions of Power PC developed by Thomson-CSF for real-time computing, a sector where IBM is absent, and which is used for a range of professional applications from software engineering to guiding missiles. Cetia, Thomson-CSF's real-time computing unit, will also market some IBM workstations and use them for its own applications.

Cetia said it expected to launch the first prototypes of workstations using Power PCs by the end of the year, for sale up to six months later. The chips themselves will be made by another subsidiary, Thomson Composants Militaires et Spatiaux.

Thomson-CSF approached IBM last July, as soon as it licensed Motorola to build the Power PC, said officials of the French group. The French group has been Motorola's biggest European components customer for the past 10 years and was therefore keen to cement links with its supplier after Motorola's accord with IBM.

This is the latest example of IBM's eagerness to form partnerships and its most recent link-up with French state-owned industry. The US computer group formed a far wider ranging accord at the end of January with Bull, which also gets access to Risc technology. IBM is also negotiating to take a minority stake in the computer-aided design unit of Dassault, the partly government-owned aircraft group.

# Havas falls 6% to FFr1.08bn

By Alice Rawsthorn in Paris

HAVAS, one of France's leading media, marketing and travel groups, saw its net profits fall by 6.1 per cent to FFr1.08bn ($192m) in 1991 mainly due to losses in its travel interests and the slowdown in the advertising market.

The group also announced plans to take full control of Comareg, which publishes free newspapers in France, by buying the 38 per cent of the shares it does not already own. Havas is offering one of its shares for two Comareg shares.

This forms part of the trend for large French companies, such as the Suez industrial group and Paribas investment bank, to restructure their investment portfolios.

Havas, which is the biggest single force in French advertising through its interest in the Eurocom group of agencies and marketing service consultancies, experienced a 12 per cent increase in sales to FFr26.5bn during 1991. However, on a strictly comparable basis, the growth in sales was slightly lower at just 6.4 per cent.

The contribution from Eurocom, which last week announced a 5.2 per cent fall in net income to FFr183.1m, was affected by the competitive condition of the advertising market in France and in other European countries, notably the UK.

Last year Havas was also affected by a fall in profits from its free newspaper publishing interests and by an operating loss of FFr40m from its travel business. However the group's other publishing interests fared well despite the advertising downturn as investments in the Canal Plus and CLT television groups.

The board proposed raising the dividend from FFr6.90 in 1990 to FFr8 a share for 1991 and said the outlook for 1992 was "more favourable" than that for 1991. In the first two months of the year Havas mustered sales growth on a comparable basis of 10.7 per cent, with particularly strong growth from its interests outside France.

In the meantime Comareg has been affected by the weakness of the French advertising market. Its net profits fell sharply from FFr128.8m in 1990 to FFr85m in 1991 on static sales of FFr1.83bn.

● Compagnie Financiere de Suez increased its consolidated net attributable profit to FFr3.83bn ($680m) in 1991 from FFr3.71bn in the previous 12 months, agencies report from Paris.

The dividend on 1991 earnings will be FFr8.20 a share, up from FFr7.80 on 1990 earnings. Net asset value per share rose to FFr525 compared with FFr504 in the previous year.

Results were also influenced by a 170 per cent jump in provisions that Suez's French banks made against property loans.

However, Suez's flagship bank, Banque Indosuez, announced last month an exceptional writedown of FFr650m.

## INTERNATIONAL COMPANIES AND FINANCE

# Hyundai to shift PC management to US

By Louise Kehoe in San Francisco

KOREA'S Hyundai Group is to shift management of its worldwide personal computer and computer peripherals operations to the US to improve its response to rapidly changing market conditions and to gain earlier access to advanced technologies.

In an unusual move for an Asian company, full management control, marketing, product development and product assembly for the group's $750m personal computer and peripherals business will be moved from Seoul to San Jose, California.

The decision reflects Hyundai's recognition of the critical value of day-to-day contact with suppliers and customers, said Mr Edward Thomas, the newly appointed president of Hyundai's Information Systems Division.

Mr Thomas, a veteran of the US computer industry, said his mandate was to create an autonomous business unit with global responsibility for expanding Hyundai's personal computer sales.

Last year, Hyundai sold about $300m-worth of personal computers in the US. "We should be able to double that in a few years," said Mr Thomas. "We fully expect to have our next generation of desktop and notebook computers – designed, engineered and assembled in America – shipping to US and world markets by the end of the year," he added.

The move would enable Hyundai to reduce the time it takes to bring a new product to market by more than 30 per cent, Mr Thomas said.

The relocation would not displace Korean workers, Mr Thomas stressed. Circuit board manufacturing would continue to be performed at Hyundai's Korean factories, he said.

However, a US assembly operation would enable Hyundai to compete more effectively with US computer makers through a quicker response to customer requirements.

A further advantage is that Hyundai would be able to react more rapidly to price trends, Mr Thomas said.

Once the US operation is in full swing – probably by year-end – Mr Thomas plans to turn to the European market and establish European sales, service and assembly operations.

# Time Warner improves revenues in all divisions

By Patrick Harverson in New York

TIME WARNER, the US media and entertainment group, reported yesterday that first-quarter revenues rose across all five of its divisions, helping turn last year's $50m quarterly loss into a net profit of $3m.

Earnings before interest, taxes, depreciation and amortisation (Ebitda), or operating earnings, were $561m over the three months, achieved on total revenues of $3bn.

Operating earnings in the same quarter last year were $530m on revenues of $2.8bn.

The best performing division of Time Warner was its cable television group.

This saw operating earnings climb 11 per cent to a record $228m, thanks to an increase in cable subscribers and advertising.

The group's publishing unit, Time Inc, reported operating earnings of $44m, up 5 per cent from last year.

Gains were reported in advertising and circulation at the company's magazines, in spite of the sluggish economy, and they helped offset lower results at the book publishing division.

The Warner Music Group posted first-quarter operating earnings of $141m, up slightly on a year ago, after increases in domestic music sales and music publishing.

Among its most successful artists were Metallica, Genesis and Simply Red.

On Monday, Time Warner's music division announced a multi-year $60m deal with the pop-star Madonna.

At the group's movie-making unit, operating earnings were virtually flat at $96m. The feature of the quarter was the success of the controversial movie JFK, which since its release last year has grossed $160m worldwide.

Operating earnings at the television programming division were little changed at $52m, with the bulk of the small increase in income recorded at the pay-for-TV services, HBO and Cinemax.

Time Warner's results were well received on Wall Street, with the group's share price rising $1⅛ to $104 in early trading.

● Knight-Ridder, the US media group, which recorded an increase in first-quarter earnings, is cautiously optimistic for the remainder of 1992, Reuter reports.

The company posted first-quarter net income of $25m or 46 cents a share on revenues of $555.4m, compared with $15.8m or 32 cents on revenues of $545.4 a year ago.

It said that while net income in the final three quarters would not match those of the first quarter, it expected earnings growth in each quarter.

Barring a setback in the economy, Knight-Ridder expected 1992 to improve on last year's $132.1m or $2.55 a share on revenues of $2.24bn.

# 3M decreases 3.9% to $288m

By Barbara Durr in Chicago

MINNESOTA Mining & Manufacturing, the US conglomerate based in St Paul, Minnesota and known as 3M, reported a decline of 3.9 per cent in its first-quarter net income.

The group recorded income of $288m, or $1.32 per share, down from $300m, or $1.37 per share, last year, but the company was optimistic that it would be able to improve results during the remainder of the year.

First-quarter sales edged up to $3.4bn from $3.38bn for the same period a year ago.

The higher value of the US dollar reduced sales by about 2 per cent and net income by about $15m, or 7 cents per share. But Mr L. D. DeSimone, chairman, said the results were in line with the company's expectations for the first quarter.

The group's international business, which accounts for about half its sales, remained firm as steady growth in Europe and strong gains in Latin America offset a slowdown in Japan.

International volume by unit increased 6 per cent, a level equal to the growth averaged for all of 1991.

Sales in the US remained basically unchanged, but the company noted that unit sales improved as the quarter progressed.

This, and more solid volume gains in the early days of the second quarter, led the company to believe that the US economy would continue to show some moderate improvement.

Mr DeSimone said the outlook for the full year was positive and he expected higher second-quarter earnings, in spite of the fact that the effects of currency translation would remain negative.

In the second quarter last year, the company earned $299m, or $1.38 a share, on sales of $3.25bn.

# Phelps Dodge drops to $76.9m

PHELPS DODGE, the largest US copper producer, saw operating income for its mining operations drop in the first quarter to $76.9m from $113m a year ago, Reuter reports.

The group, which manufactures truck wheels and rims and is a leading producer of carbon black, reported first-quarter net income down to $53.6m or $1.53 per share, compared with $77.3m or $2.23 a year ago.

It said first-quarter earnings were satisfactory in spite of continued slow economies in many of its markets.

Group revenues for the quarter declined to $590.5m from $601.8m, while Phelps Dodge Mining saw its revenues slip to $301.5m, compared with $314m a year ago.

Phelps cited lower copper prices and the closure of concentrator operations at its Tyrone, New Mexico mine for the reduction in mining profits. It added that reduced worldwide demand caused first-quarter copper prices to average about 11 cents less than a year ago.

Phelps Dodge Industries reported an improvement in operating income, to $20.3m from $16.8m a year ago.

The company said its share of copper production from worldwide operations was 123,100 tons in the first quarter, compared with 130,400 tons a year ago.

Copper sales from mine production were 127,700 tons, down from 138,500 tons a year ago.

# Tribune declines to $11.3m in first quarter

TRIBUNE CO, the US newspaper and television group, suffered a decline in 1992 first-quarter profits but registered a welcome increase in advertising revenues, Reuters reports.

Its first-quarter earnings fell to $11.3m or 17 cents a share from $16.9m or 26 cents a year ago. Revenues for the quarter of $471.4m were slightly higher than a year ago, helped by advertising revenues which increased by 2 per cent.

This was Tribune's first year-over-year increase in quarterly advertising revenues since the 1990 first quarter.

The group said improved results from its media businesses and lower interest expenses failed to offset an operating loss of $14.7m in the company's newsprint operations.

The company blamed lower selling prices due to substantial overcapacity throughout the industry.

Prices for electricity determined for the purposes of the electricity pooling and settlement arrangements in England and Wales

| 1/2 hour period ending | Provisional Price for Trading on 22.04.92: Pool purchase price £/MWh | Final Prices for Trading on 20.04.92: Pool purchase price £/MWh | Pool selling price £/MWh |
|---|---|---|---|
| 0030 | 16.81 | 16.89 | 16.89 |
| 0100 | 16.79 | 18.78 | 19.89 |
| 0130 | [illegible] | 23.10 | 24.35 |
| 0200 | [illegible] | 23.10 | 24.33 |
| 0230 | [illegible] | [illegible] | 18.95 |
| [illegible] | [illegible] | 16.94 | 16.94 |
| 0330 | 16.87 | [illegible] | 16.88 |
| 0400 | 16.85 | [illegible] | 16.85 |
| 0430 | 16.85 | 16.84 | 16.84 |
| 0500 | 16.85 | 16.78 | 16.78 |
| 0530 | 16.85 | 16.80 | 16.80 |
| 0600 | 16.85 | [illegible] | 16.80 |
| 0630 | 16.67 | [illegible] | 18.85 |
| 0700 | 16.85 | [illegible] | 18.95 |
| 0730 | [illegible] | 18.68 | 19.77 |
| 0800 | 22.11 | 18.76 | 19.88 |
| 0830 | 19.87 | 22.23 | 23.50 |
| 0900 | 22.12 | 23.38 | 24.70 |
| 0930 | 22.11 | 25.39 | 26.83 |
| 1000 | 22.12 | 25.43 | 26.88 |
| 1030 | [illegible] | [illegible] | 26.87 |
| 1100 | 21.65 | 25.39 | 26.83 |
| [illegible] | [illegible] | 25.46 | 26.83 |
| 1200 | [illegible] | 25.46 | 26.82 |
| 1230 | 24.73 | 25.37 | 26.80 |
| [illegible] | 24.71 | 25.20 | 26.56 |
| 1330 | 24.67 | 23.20 | 24.44 |
| 1400 | 19.13 | [illegible] | 24.39 |
| 1430 | 19.13 | 21.31 | 22.47 |
| 1500 | 19.13 | 21.30 | 22.47 |
| 1530 | 19.13 | 21.30 | 22.46 |
| 1600 | 19.13 | 19.46 | 20.58 |
| 1630 | [illegible] | [illegible] | 22.81 |
| 1700 | 19.13 | 21.60 | 22.77 |
| 1730 | [illegible] | 23.47 | 24.69 |
| 1800 | 19.13 | 23.47 | 24.69 |
| 1830 | 19.13 | 25.24 | 26.58 |
| 1900 | 19.13 | 25.64 | 27.09 |
| 1930 | [illegible] | 25.75 | 27.20 |
| 2000 | 16.99 | 25.56 | 26.95 |
| [illegible] | 17.06 | [illegible] | 26.41 |
| 2100 | 19.13 | 21.64 | 22.80 |
| 2130 | [illegible] | 21.25 | 22.40 |
| 2200 | 19.13 | 19.43 | 20.54 |
| 2230 | 19.13 | 18.54 | 19.63 |
| 2300 | 17.07 | [illegible] | 16.91 |
| 2330 | [illegible] | 16.79 | 16.79 |
| 2400 | 16.85 | [illegible] | 16.80 |

Prices are determined for every half-hour in each twenty-four hour period. Prices are in pounds per megawatt-hour, rounded to two decimal places. To convert prices to pence per kilowatt-hour the decimal point should be moved one place to the left, eg £16.86/MWh becomes 1.686p/KWh. Provision for the determination of pool prices is made in the Pooling and Settlement Agreements which govern the operation of the electricity pool in England and Wales. The Pool Purchase Price is the basis of the majority of payments made to generators in respect of electricity traded through the pool. The provisional Pool Purchase Price is subject to revision or correction until final pool prices are determined approximately twenty-four days after the day of trading. Pool Selling Price is the price paid by purchasers of electricity under the pool trading arrangements. It is dependent upon the determination of Pool Purchase Price. Final pool prices are also capable of revision.

# US banking results offer evidence of recovery

By Martin Dickson
in New York

SHARES in Wells Fargo, the California-based banking group, soared by more than 10 per cent yesterday morning after it reported first-quarter financial results which dipped from a year ago but were better than Wall Street had been expecting.

Several other leading US banks – Chemical Banking, Banc One and Mellon Bank – yesterday reported results that also underlined the gradual recovery in the industry from the severe difficulties of the past two years.

Wells Fargo, which was hit hard by losses on its real estate portfolio in 1991, reported earnings of $119m, or $2.09 a share, in the first quarter, down from $152m, or $2.86, in the same period of last year.

However, some analysts had been expecting earnings per share as low as 80 cents, and in morning trading on the New York Stock Exchange the company's stock soared $7 to $73¼.

The company's loan-loss provision was $215m, compared with $700m in the fourth quarter of last year, and $85m a year ago.

Net interest income increased 8 per cent to $680m, compared with $631m a year earlier. Substantially all the increase was due to its higher net interest margin – 5.70 per cent, compared with 5.06 per cent – partially offset by lower earning assets.

Mr Carl Reichardt, Wells Fargo's chairman, said that "economic recovery around the nation is still fragile and in much of California we are still waiting for some clear signs of a turnaround".

Chemical Banking, which at the end of last year merged with Manufacturers Hanover, a rival New York money centre bank, reported a 44 per cent increase in net income to $260m, or $1 a share, from $181m, or 84 cents.

Mr John McGillicuddy, chairman, said there had been strong results in many key earnings components: higher net interest income; an increase in trading revenues; and improvements in several fee-based banking businesses.

The provision for losses was $375m, compared with $450m in the fourth quarter of last year and $279m a year ago. Net interest income rose 18 per cent to $1.115bn, while non-interest revenue rose 16 per cent to $810m.

Banc One, the rapidly expanding Ohio-based super-regional bank, reported record first-quarter earnings of $179m, or 86 cents a share, compared with $130m, or 67 cents, in the same period of last year.

Mr John McCoy, chairman, said that continued strong retail loan demand and core deposit growth had boosted the net interest margin, which rose from 6.17 per cent last year to 6.82 per cent.

Pittsburgh-based Mellon Bank reported net income of $86m, or $1.36 a share, in the first quarter, compared with $68m, or $1.25, a year ago.

The figures reflected increases in net interest revenue, trading and other revenue, and service fee revenue. These gains were offset in part by increases in operating expense and a $60m for loan losses, up from $45m.

# Blockbuster in first payout after 62% advance

BLOCKBUSTER Entertainment, the fast-growing US video-retailing group, yesterday reported a 62 per cent rise in first-quarter earnings. It also began paying quarterly dividends with a payout of 2 cents, Bloomberg reports.

Earnings for the quarter rose to $25.7m, or 15 cents a share, from $15.9m, or 10 cents, in the same quarter last year. Revenue rose to $253.9m from $176.7m.

Mr H. Wayne Huizenga, chairman, said: "With the company's substantial cash flow, we are in a position to pay our shareholders dividends and to continue to fund the company's aggressive capital requirements."

He attributed the improved results to expanded market growth, gains in same-store revenue, continued emphasis on cost control and increased productivity.

Blockbuster became the world's largest home video retailer following its acquisition earlier this year of Cityvision, the largest home video operator in the UK.

Partly as a result of that acquisition, Philips Electronics invested $98m in Blockbuster common stock. Philips, a Dutch company, also holds an option to acquire 5m additional shares of Blockbuster stock before December 15.

If Philips exercises the entire option, it would hold about 7.1 per cent of the video company's outstanding shares, Blockbuster said.

At the end of the quarter, there were 2,829 Blockbuster video stores, of which 1,805 were company owned and 1,024 franchised.

# Unisys surprises with first-quarter earnings of $48m

By Louise Kehoe
in San Francisco

UNISYS, the long-struggling US computer manufacturer, yesterday reported much better-than-expected first-quarter earnings, boosting hopes for a successful turnround after years of heavy losses.

Many analysts had projected a loss for the quarter but the company unveiled net income of $48.3m, or 11 cents a share. In the same period last year Unisys recorded net losses of $98.2m, or 79 cents.

This was the second consecutive quarterly gain for Unisys, which last year cut its workforce by 10,000 and consolidated operations in an effort to return to profitability.

First-quarter revenue slipped to $2.01bn, compared with $2.05bn in the year-earlier quarter. However, the company pointed out that revenue had increased slightly after the elimination of first-quarter 1991 revenue of $62m from its Timeplex subsidiary, which the group had sold last June.

"We are very pleased with a solid first quarter which exceeded plans in all key areas. The results are a clear indication that our turnaround actions and product and marketing programmes are on track," said Mr James Unruh, chairman and chief executive officer.

"Profitability and cash flow improved significantly and order, revenue and gross profit margin trends are improving," he added.

"In a quarter when we historically use cash, we generated $121m in cash flow from operations and reduced debt by about $100m, to $2.4bn," Mr Unruh said. "While we remain very cautious about the timing and scope of a global economic recovery, we may be experiencing some early signs of an improving US market."

He repeated an earlier projection of profitability for the full year.

# American Brands shows gain

AMERICAN Brands, the US tobacco and drinks group, said fluctuations in exchange rates for foreign currencies, principally sterling, had adversely affected income by $11m, or 5 cents a share, in the latest quarter, AP-DJ reports.

However, the group lifted first-quarter net income to $345.2m, from $216m in the 1991 quarter. Earnings per share increased $1.18, compared with $1.06. Revenues were $3.83bn, compared with $3.86bn.

Mr William Alley, chairman and chief executive, said: "Each of our five core businesses, as well as our specialty businesses group, reported higher operating income in the quarter and an increase in operating margin.

"These results were achieved despite continued weak world economies, higher taxes on tobacco and distilled spirits and the stronger US dollar," Mr Alley added.

American Brands said profits from tobacco, its largest core business, were slightly ahead of year-earlier levels, in spite of a stronger dollar and an increase in UK cigarette taxes.

The company's American Tobacco unit posted record revenues and operating income, up 9 per cent and 6 per cent, respectively. Total cigarette unit sales rose 2.6 per cent, including exports, while domestic cigarette sales rose 0.5 per cent.

American Brands said its US market share had declined slightly in the latest quarter.

The Franklin Life Insurance unit posted a 26 per cent increase in operating income as a result of substantially higher realised gains on investments.

Operating income in distilled spirits rose 41 per cent, reflecting the acquisition by Jim Beam Brands of seven brands from Seagram.

Operating income for Whyte & Mackay had been hit by price competition and increased marketing expenses, the company said.

# Pension fund attacks demutualisation plan

By Nikki Tait in New York

THE US Steel and Carnegie Pension Fund, a US institutional investor representing the interests of pensioners at the USX steel and energy group, yesterday hit out at the share allocation suggested by the Equitable, America's fourth largest insurer, in its "demutualisation" plan.

Mr James Carney, administrator of the pension fund, told a public hearing on the scheme that the proposed allocation of shares among its policyholders was unfairly biased toward the ownership of policies, rather than the contribution which policyholders had made to the insurer's profits.

The US Steel pension fund is a leading policyholder with the life company. The Equitable is the largest US insurer to demutualise – a practice which many believe will become more common as US insurers seek to bolster capital resources. It is converting under the supervision of the New York State insurance department, viewed as one of most professional regulatory organisations.

The scheme – designed to turn the company from one controlled by policyholders into one owned by shareholders – is seen as a model for demutualisations. "It will set a precedent for the conversion of other mutuals," Mr Carney said. But "if policyholders resort to litigation", precedent would not be good one.

His complaint centred on the suggestion that each policyholder be allocated three shares apiece, regardless of the policy. They then receive further shares, based on actuarial calculations of their contributions to the mutual's surplus. Mr Carney claimed one share would be sufficient to reflect the policy ownership.

He calculated – using one of Equitable's theoretical scenarios – that 28 per cent of all shares going to policyholders could be allocated under the fixed-share basis if the three shares-per-policy system was used. Since some policy categories have been heavily loss-making in the past, he claimed that this would be unfair.

Equitable responded by saying that the fixed element was in line with previous demutualisations. Mr Carney stressed the fund was supportive of the demutualisation in principle.

# Imperial Oil falls sharply to C$40m

By Robert Gibbens
in Montreal

IMPERIAL OIL, Canada's largest integrated oil company, reported a sharp fall in first-quarter net profit to C$40m (US$33.9m), or 21 cents a share, down from $196m, or $1.02, a year earlier. Revenues were $2.07bn, against $2.4bn.

The latest period included a $14m after-tax loss on divestments, against a gain of $64m a year earlier.

Imperial, 70 per cent-owned by Exxon, said it was putting its PVC plastics business up for sale, but would invest further in its polyethylene and ethylene businesses.

The company has been restructuring and reducing its downstream operations since its $5bn takeover of Texaco Canada two years ago.

In 1992, it plans to eliminate 1,700 jobs, shut 1,000 service stations and reduce refining capacity.

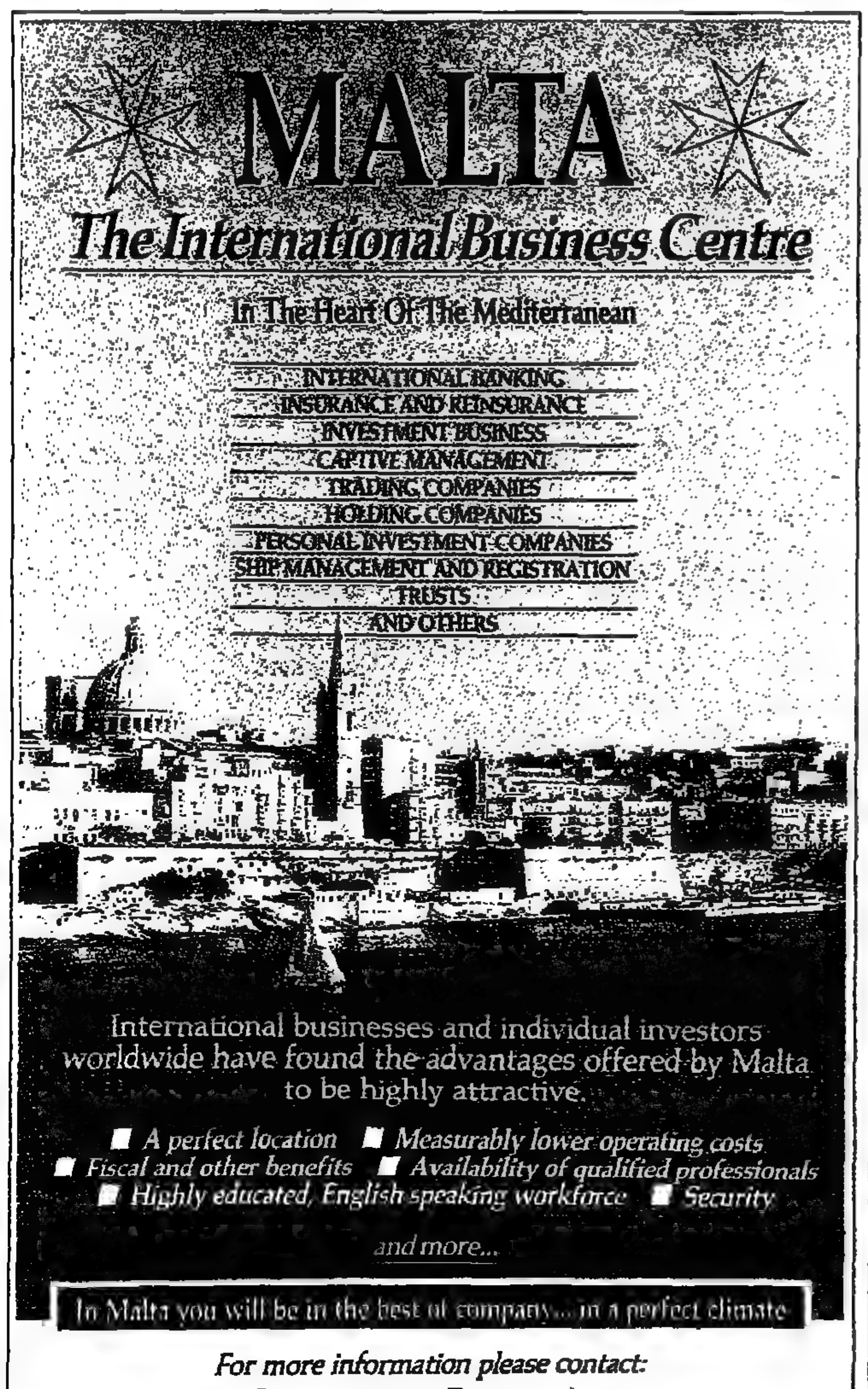
● Nova, the Calgary gas transmission and petrochemicals group, earned C$32m in the first quarter, against $26m a year earlier. Revenues were down 12 per cent to $746m.

# Mesa warns on debt payment

MESA, the Texas oil company crippled by debt and depressed natural gas prices, yesterday told the New York Stock Exchange it might make an August debt payment with common stock instead of cash, Bloomberg reports.

The announcement renewed concerns that the already dwindling value of Mesa's common stock would be further diluted.

Mr T. Boone Pickens, chairman, said Mesa may make the August interest payment on its 12 per cent subordinated notes due in 1996 with stock.



# JCI shows improvement to R59.6m

By Philip Gawith in Johannesburg

A SIGNIFICANT improvement in performance at the Joel mine helped the gold mines in the Johannesburg Consolidated Investment (JCI) group to boost profits in the March quarter.

The group posted net profit after tax of R59.6m ($20.7m), a 2.1 per cent increase over net profit in the December quarter. The upturn came in spite of a 2.2 per cent drop in the average gold price received to R33,134 a kilogram.

Total gold produced rose by 3.1 per cent to 12,361kg on account of a 3.5 per cent improvement in the average grade to 4.11 grams a tonne.

The improvement in the group's results was attributed to the performance of Joel, where the grade had increased by 18.1 per cent to 6.45 grams a tonne and production had risen by 13.5 per cent to 1,560kg. Net profit after tax rose to R7.4m from R890,000.

The group said it was confident of repeating these results in the current quarter. The improved performance at Joel reflected more selective mining, which allowed a significant reduction of the dilution percentages in the ore mined, the group said.

Mr Kennedy Maxwell, head of JCI's gold and uranium division, said he did not believe the strategy currently employed at Joel would have a big impact on the mine's reserves. He said JCI believed the gold price would recover to levels which would allow the group to return to low grade areas and mine them profitably.

The group's Randfontein mine benefited from a similar approach. It saw the yield rise to 3.6 grams a tonne, a level last reached in June 1987.

Gold production was 2.5 per cent higher at 8,014kg, while both revenue and costs per kilogram were slightly lower.

Net profit after tax dropped by 7.7 per cent to R50.3m on account of a much higher tax bill. The mine again paid out a R5.2m productivity bonus to workers, effectively a further 12 per cent increase over their 5 to 6 per cent basic increase.

At Western Areas, R6m profit from uranium offset a R5.4m loss on the gold operations. Net profit from Western Areas slipped by 37.5 per cent to R1.8m.

# Taiwan to slice bond programme

TAIWAN is cutting sharply its programme of government bond issues as its six-year, $300bn economic development plan runs into difficulties, Reuter reports from Taipei.

The government intended to increase new bond issues by at least 140 per cent in the fiscal year to June 1992, to pay for the ambitious development plan, originally scheduled to end in mid-1997.

In November it reformed its issuing system, auctioning bonds instead of allocating them at fixed prices, to ease pressure on state finances and create a secondary bond market able to absorb the large number of new issues.

However with many projects in the six-year plan plagued by delays, the government is now cutting bond issues because it is unable to spend the money on schedule, said Mr John Shueh, head of the Treasury department in Taiwan's central bank.

"Delays in construction projects are the major factor in our scaling back issues," he said.

The government cancelled a bond issue due in May and will only issue about T$230bn (US$9.1bn) in the current fiscal year, against the original target of at least T$250bn.

In the next fiscal year, to June 1993, the government will issue T$230bn of bonds instead of the T$300bn which was originally planned, Mr Shueh said.

# Poor results for S Korea brokers

SOUTH Korea's 25 securities firms suffered net losses of Won46.24bn ($58.9m) in the 1991 fiscal year ended March 31, according to estimates by the country's securities supervisory board, AP-DJ reports from Seoul. The figure represents a sharp reversal from year-earlier earnings of Won29.62bn.

In contrast, six new securities firms showed combined earnings of Won46.91bn in the same fiscal year. The six firms, most of which started in the second half of 1991, are converting their businesses from short-term lending to broking.

The securities supervisory board attributed the poor results of the older 25 firms to the sluggish local stock market and tighter liquidity, which meant higher interest expenses.

Meanwhile, the six new firms benefited from tighter liquidity as they were allowed to do short-term lending business on a temporary basis until the completion of their conversions.

Of the 25 established firms, only six reported a rise in earnings in 1991, compared with the previous fiscal year.

The six include Daewoo Securities with Won9.59bn in net earnings, up 622.1 per cent from a year ago; Seoul Securities with Won3.55bn, up 96.6 per cent; and Hanyang Securities with Won3.15bn, up 84 per cent.

Daewoo, as the nation's largest securities house, fared well in securities investments in the local market compared with other companies. Earnings were also boosted by dividends of Won4bn for investments in a joint securities venture in Hungary, which started up in 1991.

Tonyang Securities is the only one which swung to the black, with net earnings of Won6.9bn in 1991 from a loss of Won16.39bn a year ago.

Seven companies, including Daishin Securities, Lucky Securities and Dong Suh Securities, showed full-year losses, a turnround from the black a year ago.

Three companies, Ssangyong Securities, First Securities and Construction Securities, reported losses for the second straight year.

# Aerospace head named

By Luisetta Mudie in Taipei

TAIWAN Aerospace has announced the appointment of Mr Earle Ho, 53, as chairman, following the resignation of Mr David Huang, 72.

Mr Ho, known as the "Ship-breaking King" during the 1980s, is also chairman of the private Tungho Steel and heads the Taiwan Steel and Iron Industries Association.

His appointment is seen as a means for the Taiwanese government to distance itself from the company's proposed $2bn deal to buy up to 40 per cent of the commercial operations of McDonnell Douglas, the US aerospace group. His predecessor, Mr Huang, had close ties with the government and the military.

The deal has come under fire in the island's parliament, and the government is considering taking as little as a 25 per cent stake in the deal. "It could be 30 or 25 per cent," acknowledged Mr Denny Ko, president of Taiwan Aerospace.

It is hoped that Mr Ho's influence in the business community and lack of official ties will help to re-establish Taiwan Aerospace's image as a private enterprise, although observers say the government will still make the final decision and find the money to finance the deal.

# Pemex in $38m Japanese deal

PETROLEOS Mexicanos (Pemex), the state-owned oil company, last week became the first Mexican borrower to raise funds in the Japanese market since the country's debt rescheduling was completed in 1989, writes Tracy Corrigan.

Pemex has led the field of Latin American issuers to return to the Eurobond market in the last few years.

The $38m placement of five-year floating-rate debt was arranged by Barclays de Zoete Wedd Japan. The debt is secured on four offshore drilling platforms in the Gulf of Mexico.

# Arab bank returns to profit with $45m net

ARAB Banking Corp (ABC), the biggest international Arab bank, has announced a turnround to net profits of $45m for 1991 from losses of $91m a year earlier, Reuter reports from Manama.

Mr Abdullah Saudi, president and chief executive, said the bank, which is mainly owned by the Libyan Treasury, Kuwait's finance ministry and the Abu Dhabi Investment Authority, blamed the 1990 loss on the Gulf crisis. However it expected net profits of at least $100m in 1992.

He said ABC had not been affected by United Nations sanctions against Libya. It was still accepting Libyan deposits and its relationship with Libyan authorities had not changed, he said.

"We have a normal relationship with Libya . . . and we are maintaining this relationship. We are operating in this country and we are receiving deposits here and this is acceptable and legal," he said.

Gulf-based bankers said last month Libya had shifted large amounts of its liquid assets from Europe to accounts in the Arab world to protect them against future economic sanctions.

Mr Saudi said the bank was not on a list of Libyan-owned institutions with which US companies were banned from dealing. Nor was it likely to be placed on it in the future.

ABC would maintain its policy of expansion in the Arab world and planned to open a representative office in Iran before the end of 1992, he said. Only about 15 per cent of the bank's assets are in the Middle East.

The bank said $102m was allocated for 1991 loan-loss provisions, compared with $179m in 1990.

Total income rose to a record $622m from $555m the previous year. Assets declined to $20.45bn from $20.55bn, while deposits climbed to $16.8bn from $16.6bn.

Capital adequacy ratios exceeded international requirements of 8 per cent, standing at 10.8 per cent at the end of 1991.

# Investor loses two seats in board row at San Miguel

By Jose Galang in Manila

MR EDUARDO Cojuangco, the Philippine businessman who last week looked set to gain control of San Miguel Corporation, the country's largest industrial enterprise, was yesterday left with only one seat in the board.

An order from the chief justice of the Philippine Supreme Court issued hours before San Miguel's annual meeting yesterday restrained Mr Cojuangco from voting a block of shares that last year qualified his group for three seats in the 15-member board.

Until last week Mr Cojuangco, on the basis of a separate Supreme Court decision on March 4 ordering a new election at United Coconut Planters Bank, was widely seen as poised for a takeover of the bank and San Miguel.

The bank was organised by Mr Cojuangco with proceeds from a levy on the coconut industry. It is administrator of a block of 30 per cent of San Miguel shares.

Mr Cojuangco had persistently argued that the shares in San Miguel, although registered in the names of 14 shell companies he and his associates controlled, were actually owned by some 1.4m coconut farmers who paid the coconut levy over between 1973 and 1982.

The lower court instructed by the Supreme Court to supervise elections at bank, however, is still to schedule the shareholders' meeting. Furthermore, the present board, composed of government nominees placed after the bank was sequestered in 1986, had already cancelled this year's annual meeting and election when the court decision came.

Yesterday's restraining order effectively pushed Mr Cojuangco from the beer-and-food conglomerate, which last year recorded sales of 53.3bn pesos ($2.2bn).

However, the incumbent controlling group, the Soriano family and nominees of the state's Presidential Commission on Good Government – which sequestered the United Coconut Planters Bank-administered shares – nominated only 14 names, leaving one for the Cojuangco group.

The shares in question were in the names of Mr Cojuangco, his relatives and a number of companies his family controlled.

# Brierley Investments to merge meat subsidiaries

By Terry Hall in Wellington

BRIERLEY Investments (BIL), the New Zealand investment and industrial group, yesterday announced it was merging various subsidiaries in the meat industry to form a company with a projected turnover of NZ$185m (US$100.5) and a forecast profit of NZ$8.3m.

A main component of the new company will be Huttons Kiwi, a company BIL said last year would be relisted on the New Zealand Stock Exchange this year.

Huttons Kiwi, a producer of bacon, ham and other meat products, is to be merged with the Riverland Group which exports beef to the US and Pacific rim countries.

The two companies are to merge with a Brierley controlled retail group Apparel Holdings, which is listed on the stock exchange and seems destined to be the vehicle to launch the meat group. Apparel, which is 98 per cent owned by BIL, will then sell its assets to the parent company for cash.

In the year to December 1990 Apparel made a NZ$55m net loss but reduced this to a NZ$199,000 loss in the year to last December.

# Japanese lender to appoint new president

By Steven Butler in Tokyo

NIPPON Housing Loan, the troubled non-banker lender to the property sector, is set to sack Mr Keiichiro Niwayama, president for 20 years, as part of an effort to come to grips with its huge portfolio of bad debt.

The company confirmed yesterday it would soon appoint a new president, likely to be Mr Susumu Niwa, a former executive at the Sanwa Bank who is senior managing director at Nippon.

The management shake-up is symptomatic of the serious bad debt problems facing the non-bank sector, and the commercial banks that provided finance.

The exact size of the problems at Nippon are impossible to gauge because bad loans need not be declared as such until a year after payment stops. The steep decline of property prices in Japan's principal cities, however, has pushed many borrowers beyond the brink.

According to Teikoku Data Bank, a Japanese credit agency, loans declared bad by the eight housing loan companies to corporations which failed last year totalled Y90.7bn ($675m), although the final total is likely to prove much higher.

Nippon had assets of Y3,992bn as of last September.

# Westinghouse takeover closer

BTR, the diversified British industrial group, yesterday appeared to be close to completing the acquisition of outstanding shares in Westinghouse Brake and Signal (Australia), writes Kevin Brown in Sydney.

The Australian Securities Commission required BTR to make an acceptable offer for the 15 per cent of the company it did not own, following its takeover of Hawker Siddeley, the UK engineering group. Hawker formerly controlled Westinghouse.

# INTERNATIONAL CAPITAL MARKETS

## Bank sets date for extra-long gilts auction

**By Richard Waters in London and Patrick Harverson in New York**

THE Bank of England's expected auction of extra-long dated gilts was announced yesterday, the first such securities to be issued since the UK government became a net buyer of gilts in the 1980s.

### GOVERNMENT BONDS

*The £2.5bn of 25-year gilts to* be offered on April 29 will mark the first auction of the current financial year, an important moment psychologically given the high level of funding needed to be completed this year. The bonds are expected to be taken up mainly by UK insurance companies, *which until now have had* no opportunity to buy long-dated paper to match their liabilities.

UK investors reacted positively to news of the announcement, although they remain cautious about the short-term outlook for the gilt market in the wake of last week's strong post-election rally. A fixed income manager at one of the UK's biggest fund management groups, who declined to be named, said: "We're very pleased. There has been an anomaly in the UK yield curve. The government's buying of gilts had created a quite massive distortion."

However, insurance companies said that they would have to consider their involvement carefully. "We're not going to charge in indiscriminately and *push yields down*," said Mr David Shaw, head of fixed income at Legal & General, the insurance group.

Two factors would determine his group's interest in next week's auction, he said: the relative attraction of the UK market immediately ahead of the auction, and the likely future *supply of securities at the* extra-long end of the market. Expectations of substantial further funding at this maturity later in the year, which could force yields up, are likely to prompt some investors to hold back at this stage.

Concern about the supply of new gilts due to come on to the *market*, and weakness in the US government bond market, had combined to drive prices of existing gilts down by around half a point from last Thursday's close in early trading yesterday. However, foreign buy*ing during the afternoon* was credited with aiding a partial recovery in prices to just below their Thursday levels.

The 9 per cent gilts maturing in 2011 were trading at around 99 7/16 late yesterday afternoon, compared with a close of 99 23/32 on Thursday, while the 9¾ per cent securities due 2002 were 1/16 lower than their Thursday close at 103¾. *Long gilt futures* on Liffe, meanwhile, ended close to the day's high at around 98⅝.

See Lex

■ US Treasury prices posted modest gains across the board yesterday morning as the market staged a half-hearted recov*ery from Monday's big losses*.

By late morning the benchmark 30-year government bond was up ⅛ at 99⅞, yielding 8.003 per cent. At the short end of the market prices were also slightly higher, with the two-year note up 1/16 at 100⅛, yielding 5.370 per cent.

The market nose-dived on Monday because of reports from the previous week which suggested that economic activity in the US is picking up.

With nothing to change that view, yesterday's gains were consequently fitful, although some traders reported that European investors, who were on holiday on Monday, returned to work in the morning as buyers of US Treasuries, seeking to take advantage of the big drop in prices while they were away.

Sentiment was also affected by approaching auctions. Today the Treasury is due to sell $14.75bn in two-year notes, followed by $10.25bn in five-year notes on Thursday. The Treasury is also due to outline details of the next quarterly refunding programme next week.

■ A DECISION by the Japanese Ministry of Finance on Tues*day to delay its next auction of* 10-year bonds seemed to achieve the exact opposite of what was intended: by unsettling the bond market, it pushed yields higher and left observers nervous about the coming weeks.

After five interventions by the MoF to buy bonds in the market in the past fortnight, the delay was seen as a sign that these purchases had not worked, and that few options for supporting prices remained.

The yield on the benchmark bond 129 reached 5.625 per cent during London trading yesterday, up sharply from the 5.46 per cent yield recorded towards the end of last week.

■ TRADING was quiet as European bond markets resumed after the Easter break. Prices were generally marked down *in reaction to weakness in the* US at the start of the week. In Germany, the benchmark unity bond due 2002 closed on a yield of 7.94 per cent, up from 7.88 per cent last Thursday.

The bund futures contract on Liffe traded in a narrow range between 87.76 and 88.88, eventually ending the day at 87.85.

### BENCHMARK GOVERNMENT BONDS

| | | Coupon | Red Date | Price | Change | Yield | Week ago | Month ago |
|---|---|---|---|---|---|---|---|---|
| AUSTRALIA | | 10.000 | 10/02 | 101.1605 | -0.724 | 9.82 | 9.63 | 10.12 |
| BELGIUM | | 9.000 | 05/01 | 101.2000 | -0.100 | 8.80 | 8.74 | 8.90 |
| CANADA * | | 8.500 | 04/02 | 97.3000 | -0.400 | 8.91 | 8.65 | 8.88 |
| DENMARK | | 9.000 | 11/00 | 101.0700 | +0.050 | 8.80 | 8.62 | 8.95 |
| FRANCE | BTAN | 8.500 | 03/97 | 98.8278 | - | 8.79 | 8.82 | 9.08 |
| | OAT | 8.500 | 11/02 | 98.9300 | +0.080 | 8.64 | 8.64 | 8.76 |
| GERMANY | | 8.000 | 01/02 | 100.4200 | +0.130 | 7.93 | 7.89 | 8.04 |
| ITALY | | 12.000 | 02/02 | 98.4300 | +0.110 | 12.27† | 12.28 | 12.35 |
| JAPAN | No 119 | 4.800 | 06/99 | 94.1746 | -0.022 | 5.96 | 5.81 | 5.60 |
| | No 129 | 6.400 | 03/00 | 104.2445 | +0.085 | 5.62 | 5.47 | 5.34 |
| NETHERLANDS | | 8.250 | 02/02 | 99.7200 | +0.020 | 8.28 | 8.26 | 8.41 |
| SPAIN | | 11.300 | 01/02 | 103.8860 | -0.200 | 10.79 | 10.81 | 10.89 |
| UK GILTS | | 10.000 | 11/96 | 102-10 | +6/32 | 9.36 | 9.37 | 10.01 |
| | | 9.750 | 06/02 | 103-23 | -2/32 | 9.18 | 9.13 | 9.81 |
| | | 9.000 | 10/08 | 99-14 | -1/32 | 9.07 | 9.01 | 9.58 |
| US TREASURY * | | 7.500 | 11/01 | 99-22 | +7/32 | 7.55 | 7.38 | 7.64 |
| | | 8.000 | 11/21 | 100-00 | +8/32 | 8.00 | 7.87 | 8.06 |

London closing, *New York morning session. Yields: Local market standard
† Gross (including withholding tax at 12.5 per cent payable by non-residents.)
Prices: US, UK in 32nds, others in decimal. Technical Data/ATLAS Price Sources

## Mexico to sell another 25m shares in Telmex

**By Tracy Corrigan**

THE Mexican government is to sell a further 25m shares in Telmex, the Mexican telephone monopoly, next month, further reducing its shareholding in the company from 9.3 per cent to 4.6 per cent.

### INTERNATIONAL EQUITY ISSUES

The international offering of American depository shares, totalling $1.5bn, was filed with the Securities and Exchange Commission in New York on Thursday. Roadshows will be held over the next few weeks in the US, Europe and the Far East, and the deal is expected to be priced in mid-May.

Just under 40 per cent of the deal will be aimed at investors outside the US, under the lead management of Goldman Sachs.

Foreign investment in the Mexican stock market rose 348 per cent last year to a record $9.05bn. Since Telmex's $2.2bn international share offering last June, which accounted for a substantial portion of that growth in foreign investment, its share price has more than doubled from $27¼ to $57⅞.

Meanwhile, the trend for deleveraging among US companies which piled up debt through takeover sprees and management buyouts during the 1980s is becoming particularly obvious among cyclical stocks.

Among the latest offerings under preparation, Black & Decker is planning to sell 18m shares, totalling around $425m, which will bring the company's gearing down from around 60 per cent to 40 or 45 per cent. A total of 3.6m shares will be offered through an international tranche, arranged by Lehman Brothers. The company is also to spin off a computer subsidiary.

Federated Department Stores, which re-emerged from bankruptcy protection under Chapter 11 earlier this year, is preparing an offering of 32m shares, of which 8m will be offered internationally.

## Japanese banks take the lead in UK power station loans

**By Richard Waters**

JAPANESE banks played a significant role in three big loans signed in London last week, despite fears that the recent weakness in Japanese share prices would force the banks to withdraw from international lending.

In *one loan* – a £370m facility to finance the construction of a gas-fired power station for Medway Power in Kent – half the 10 lead banks were Japanese.

The three loans, all for independent gas-fired power station projects, reveal that the Japanese banks are now pursuing high margin lending, rather than repeating the low margin loans with which they flooded the international credit markets in the 1980s.

The margin on one of the projects, a £375m loan to build a power *station at Keadby*, South Humberside, rises from a healthy 1 percentage point in the first three years to 1.15 percentage points at the end of the 15-year loan. The terms of the other loans have not yet been revealed, but are believed to be broadly similar.

Five Japanese banks – Sanwa, Sumitomo, Mitsubishi, Fuji and Dai-Ichi Kangyo – are among the 10 underwriters *of the Medway loan. Some of* the £370m will be taken up by other banks through a syndication agreement, but each of the 10 lead banks is expected to advance a significant portion of the loan.

Sanwa is the only Japanese bank among the seven lead banks in the Keadby loan, while LTCB International is *among the* lead banks in the third project, a £150m loan for a power station at Derwent, in the Midlands.

The three projects were agreed last week, ahead of the expiry of draft supply agreements with British Gas. These would have lapsed had loan agreements not been signed *within six months* of the contracts being agreed last autumn.

Part of the explanation for the continued involvement of the Japanese is that all three projects have been under consideration since the end of last year.

The banks' involvement with *the projects* goes back even further. Japanese banks were among the most active in lending to the UK's regional electricity companies in the run up to their privatisation in 1990. These companies are now joint partners behind the projects.

The earlier loans to the regional electricity companies were made at *margins of only* around ⅜ of a percentage point. Involvement in the new project loans is seen as part of the compensation for having supported the electricity companies before.

## Activity set to centre on demand for dollar securities

**By Tracy Corrigan**

SELECTIVE demand for dollar securities is set to provide some direction for activity in the Eurobond market over the next few weeks. Following the latest easing by the Federal Reserve, the market has so far *failed to rally*.

### INTERNATIONAL BONDS

Borrowers are keeping an eye on the market, however, and a number of companies are likely to tap the dollar sector, if the market picks up as they expect. Although swap opportunities remain unappealing, many borrowers may be prepared to lock in to fixed interest rates at around these levels.

A number of Japanese borrowers, including the Export Import Bank of Japan, have been looking at the market, but so far only the Japan Finance Corporation for Municipal Enterprises (JFM) has mandated a bank to arrange a transaction. A $300m 10-year deal for JFM is expec*ted to emerge later this week* via Bank of Tokyo. The deal is expected to be priced to yield about 30 basis points above the 10-year US Treasury.

France's Compagnie Bancaire is expected to launch a $500m five-year deal via J. P. Morgan after a series of roadshows in the next few weeks.

Demand for dollar paper is concentrated mainly among retail and small institutional investors in continental Europe, who take a positive view on the dollar.

Three deals emerged, in dollars and D-Marks, in the Japanese equity-linked sector, despite a further fall in the Nikkei index, which ended below 17,000. However, the calendar for new issues in the coming weeks is extremely thin. Few deals had been planned, and several have been cancelled due to the dire performance of the Tokyo stock market.

The two dollar offerings yesterday, for Nippon Synthetic Chemical Industry and Nippon Koshuha Steel, both performed quite well, bid at 100¼ and 100⅛ respectively, above their par issue price, according to lead manager Yamaichi International.

### NEW INTERNATIONAL BOND ISSUES

| Borrower | Amount m. | Coupon % | Price | Maturity | Fees | Book runner |
|---|---|---|---|---|---|---|
| **US DOLLARS** | | | | | | |
| Nippon Syn.Chem.Ind.(a)♦ | 100 | 3⅝ | 100 | 1996 | 2¼/1½ | Yamaichi Intl.(Euro) |
| Nippon Koshuha Steel(a)♦ | 60 | 3⅝ | 100 | 1996 | 2¼/1½ | Yamaichi Intl.(Euro) |
| **STERLING** | | | | | | |
| Nationwide Building Soc.(b)‡ | 50 | (b) | 99.54 | 1995 | - | BZW |
| **D-MARKS** | | | | | | |
| Paroc Co.(a)♦ | 100 | 5⅛ | 100 | [illegible] | 2¼/1½ | Daiwa Europe (Deutsch) |
| **AUSTRALIAN DOLLARS** | | | | | | |
| Australian Ind.Dev.Corp.(a)† | 100 | 10 | 100.75 | [illegible] | 2/1½ | Hambros Bank |

☆Private placement. §Convertible. ♦With equity warrants. ‡Floating rate note. †Final terms. a) Non-callable. b) Fungible with existing £200m issue. Coupon pays 10bp over 3 month Libor. Non-callable.

## Standard & Poor's places US airlines on credit watch

STANDARD & Poor's, the US ratings agency, yesterday *placed seven US airlines on* credit watch with negative implications, AP-DJ reports *from New York*.

The action affects about $19.5bn of securities issued by Alaska Air, AMR, Delta Air Lines, NWA, Southwest Airlines, UAL and USAir.

The listing is based on three negative trends affecting all US airlines: inadequate revenue generation, due to economic weakness and intensified fare competition; continued heavy capital expenditures well in excess of internally generated *cash flow*; and reduced access to capital, because of global economic and financial devel*opments, S&P said*.

Ratings of bankrupt airlines are not affected, as all such ratings are either D or on credit watch already.

S&P said: "A sluggish economic recovery in the US and slowing growth in the important overseas markets of Japan and Germany will restrain badly needed earnings improvement this year."

# MARKET STATISTICS

## FT/ISMA INTERNATIONAL BOND SERVICE

*Listed are the latest international bonds for which there is an adequate secondary market.* *Latest prices at 6.25 pm on April 21*

| U.S. DOLLAR STRAIGHTS | Issued | Bid | Offer | Chg. day | Yield |
|---|---|---|---|---|---|
| ABN 9 1/8 94 | 200 | 105¾ | 106¼ | -⅛ | 6.54 |
| ALBERTA PROVINCE 9 3/8 95 | 600 | 107⅝ | 108 | -⅛ | 6.84 |
| AUSTRIA 8 1/2 00 | 400 | 104 | 104½ | -⅛ | 7.78 |
| BANK OF TOKYO 8 3/8 96 | 100 | 103 | 103½ | -⅛ | 7.46 |
| BELGIUM 9 5/8 98 | 250 | 109¼ | 109¾ | -⅛ | 7.69 |
| BFCE 7 3/4 97 | 150 | 102¼ | 102½ | -⅛ | 7.21 |
| BNP 8 5/8 94 | 300 | 105¼ | 105⅝ | -⅛ | 5.95 |
| BRITISH GAS 8 3/8 99 | 350 | 103⅜ | 103⅝ | -⅛ | 7.79 |
| CANADA 9 96 | 1000 | 106⅞ | 107¼ | -⅛ | 6.93 |
| CCCE 9 1/4 95 | 300 | 107¼ | 107⅝ | -⅛ | 6.39 |
| COUNCIL EUROPE 8 96 | 100 | 103¾ | 104¼ | +⅛ | 6.94 |
| CREDIT FONCIER 9 1/2 99 | 300 | 108⅞ | 109¼ | -1 | 7.77 |
| DENMARK 8 1/4 94 | 150 | 104⅛ | 104⅝ | -⅛ | 6.15 |
| DENMARK 9 1/4 95 | 1571 | 107⅛ | 107⅝ | -⅛ | 6.48 |
| ECSC 8 1/4 96 | 193 | 103⅞ | 104¼ | -⅛ | 7.22 |
| EEC 8 1/4 96 | 100 | 104⅛ | 104⅝ | -⅛ | 7.06 |
| EIB 7 3/4 96 | 250 | 102⅝ | 103 | -⅛ | 7.00 |
| EIB 9 1/4 97 | 1000 | 107⅞ | 108⅜ | -⅛ | 7.45 |
| ELEC DE FRANCE 9 98 | 200 | 106⅛ | 106⅝ | -⅛ | 7.61 |
| EURO CRED CARD TST 9 94 | 325 | 104⅝ | 105⅛ | | 6.88 |
| EUROFIMA 9 1/4 96 | 100 | 106⅝ | 107⅛ | -⅛ | 7.23 |
| EXPORT DEV CORP 9 1/2 98 | 150 | 108⅝ | 109 | -⅛ | 7.69 |
| FINLAND 7 7/8 97 | 200 | 100⅞ | 101⅜ | -⅛ | 7.67 |
| FINNISH EXPORT 9 3/8 95 | 200 | 107⅛ | 107⅝ | -⅛ | 6.95 |
| FORD CAPITAL 9 3/4 97 | 250 | 105⅝ | 106 | -⅛ | 8.38 |
| GEN ELEC CAPITAL 9 3/8 96 | 300 | 107⅛ | 107⅝ | -⅛ | 7.24 |
| GMAC 9 1/8 96 | 200 | 103⅞ | 104¼ | -⅛ | 7.92 |
| GUINNESS FINANCE 8 94 | 200 | 103½ | 104 | -⅛ | 6.24 |
| IBM INTL FIN 7 3/4 94 | 200 | 103⅜ | 103⅞ | -⅛ | 5.90 |
| IND BK JAPAN FIN 7 7/8 97 | 200 | 100⅜ | 100⅞ | -⅛ | 7.78 |
| INTER AMER DEV 7 5/8 96 | 200 | 102⅛ | 102⅝ | -⅛ | 7.00 |
| ITALY 8 1/2 94 | 1500 | 106⅛ | 106⅝ | -⅛ | 5.79 |
| JAPAN DEV BK 8 94 | 150 | 104 | 104½ | -⅛ | 5.89 |
| KANSAI ELEC PWR 10 96 | 350 | 109 | 109½ | -⅛ | 7.29 |
| LTCB FIN 8 97 | 200 | 100⅞ | 101⅜ | -⅛ | 7.79 |
| NEW ZEALAND 9 94 | 850 | 105⅝ | 106 | -⅛ | 6.33 |
| NIPPON CRED BK 10 3/8 95 | 150 | 109⅛ | 109⅝ | +⅛ | 7.04 |
| NIPPON TEL & TEL 9 3/8 95 | 200 | 107⅛ | 107⅝ | -⅛ | 6.51 |
| ONTARIO 8 1/2 01 | 600 | 101 | 101⅜ | -1⅛ | 8.33 |
| ONTARIO HYDRO 11 5/8 94 | 200 | 109 | 109½ | -⅛ | 6.16 |
| OSTER KONTROLLBANK 8 1/2 01 | 200 | 103⅛ | 103⅝ | -⅛ | 7.91 |
| PETRO-CANADA 7 1/4 96 | 200 | 100⅝ | 101⅛ | -⅛ | 7.03 |
| QUEBEC HYDRO 9 3/4 98 | 150 | 108⅛ | 108⅝ | -⅛ | 8.02 |
| QUEBEC PROV 9 98 | 200 | 105 | 105⅜ | -⅛ | 7.91 |
| SAINSBURY 9 1/8 96 | 150 | 105¼ | 106¼ | -⅛ | [illegible] |
| SAS 10 99 | 200 | 105¾ | 106¼ | -⅛ | 8.93 |
| SEAB 9 1/2 95 | 500 | 107⅛ | 107⅝ | -⅛ | 6.82 |
| SNCF 9 1/2 98 | 150 | 108⅛ | 108⅝ | -1 | 7.74 |
| STATE BK NSW 8 1/2 96 | 200 | 102⅞ | 103½ | -⅛ | 7.69 |
| SWEDISH EXPORT 8 3/8 96 | 700 | 104⅛ | 104½ | -⅛ | 7.14 |
| TOKYO ELEC POWER 8 3/4 96 | 300 | 104⅞ | 105⅛ | -⅛ | 7.38 |
| TOKYO METROPOLIS 8 1/4 96 | 200 | 103⅛ | 103⅝ | -⅛ | 7.33 |
| WORLD BANK 8 3/8 99 | 1500 | 104⅞ | 105 | -⅛ | 7.65 |
| WORLD BANK 8 3/4 97 | 1500 | 106⅞ | 107⅛ | -⅛ | 7.18 |
| XEROX CORPN 8 3/8 96 | 100 | 101⅞ | 102⅛ | -⅛ | 7.87 |

| DEUTSCHE MARK STRAIGHTS | Issued | Bid | Offer | Chg. day | Yield |
|---|---|---|---|---|---|
| ABN AMRO 8 1/2 96 | 500 | 100⅝ | 101 | +⅛ | 8.27 |
| AUSTRIA 6 3/4 99 | 750 | 93½ | 94 | -⅛ | 8.00 |
| BNP 8 1/4 01 | 200 | 100½ | 101 | | 8.16 |
| DEUTSCHE FINANCE 7 1/2 95 | 1000 | 97⅝ | 98 | | 8.42 |
| EIB 5 3/4 98 | 400 | 90⅝ | 90⅞ | | 7.84 |
| EIB 6 1/4 99 | 600 | 91⅝ | 92⅛ | | 7.86 |
| EUROFIMA 8 3/4 96 | 400 | 102 | 102½ | -⅛ | 8.17 |
| FIRST INTERSTATE 5 3/4 96 | 100 | 85⅛ | 86⅛ | | 10.22 |
| IND BK JAPAN FIN 5 5/8 96 | 200 | 90⅛ | 90⅝ | | 8.48 |
| INTER AMER DEV 9 00 | 300 | 105½ | 106 | +⅛ | 8.00 |
| IRELAND 6 1/2 99 | 300 | 91⅝ | | | 8.21 |
| LUFTHANSA INT FIN 5 7/8 98 | 500 | 89⅜ | 89⅝ | +⅛ | 8.13 |
| NAT BK HUNGARY 10 3/4 98 | 500 | 100⅛ | 100⅝ | +⅛ | 10.69 |
| QUEBEC HYDRO 8 5/8 01 | 600 | 101⅛ | 101⅝ | -⅛ | 8.44 |
| SWEDEN 6 1/8 98 | 300 | 91⅛ | 91⅝ | | 7.93 |
| TURKEY 10 3/4 96 | 500 | 19⅞ | 20⅜ | [illegible] | 76.55 |
| WORLD BANK 0 15 | 2000 | 20⅛ | 20⅜ | +⅛ | 6.98 |
| WORLD BANK 5 3/4 96 | 300 | 93⅛ | 93⅝ | | 7.86 |
| WORLD BANK 8 3/4 00 | 1250 | 105⅛ | 106⅛ | | 7.76 |

| SWISS FRANC STRAIGHTS | Issued | Bid | Offer | Chg. day | Yield |
|---|---|---|---|---|---|
| ASIAN DEV BANK 6 10 | 100 | 89½ | 90⅛ | | [illegible] |
| AUSTRIA 4 5/8 98 | 100 | 90⅛ | 91 | +⅛ | 6.70 |
| CHUBU ELEC POWER 6 3/4 01 | 300 | 99⅛ | 100⅛ | | 6.78 |
| COUNCIL EUROPE 4 3/4 98 | 250 | 89⅛ | 89⅝ | +⅛ | 7.06 |
| EEC 5 1/2 00 | 100 | 90½ | 91½ | -⅛ | 7.00 |
| EIB 6 1/2 98 | 800 | 99⅝ | 99⅞ | -⅛ | 6.57 |
| ELEC DE FRANCE 7 1/4 06 | 100 | 102⅛ | 104 | | 6.96 |
| FINLAND 5 5/8 95 | 150 | 95 | 95½ | +⅛ | 7.01 |
| GENERAL MOTORS 7 1/2 95 | 100 | 100½ | 101 | +⅛ | 7.30 |
| JAPAN DEV BK 5 1/2 94 | 100 | 96 | 96⅛ | -⅛ | 7.95 |
| KOBE 6 3/8 01 | 240 | 98 | 98½ | -⅛ | 6.67 |
| NEW ZEALAND 4 7/8 99 | 200 | 88 | 89 | -⅛ | 7.16 |
| QUEBEC HYDRO 5 08 | 100 | 77 | 78 | -⅛ | 7.53 |
| WORLD BANK 5 03 | 150 | 85 | 85⅛ | -⅛ | 6.96 |
| WORLD BANK 7 01 | 600 | 102⅛ | 102⅝ | -⅛ | 6.60 |

| YEN STRAIGHTS | Issued | Bid | Offer | Chg. day | Yield |
|---|---|---|---|---|---|
| AUSTRIA 4 3/4 94 | 30000 | 99½ | 99⅞ | | 5.04 |
| CREDIT FONCIER 5 1/4 94 | 20000 | 99⅞ | 100⅛ | +⅛ | 5.34 |
| DENMARK 7 95 | 40000 | 104⅛ | 104⅝ | -⅛ | 5.36 |
| EIB 4 5/8 94 | 40000 | 99⅛ | 100 | +⅛ | 4.75 |
| ELEC DE FRANCE 5 5/8 96 | 20000 | 99⅛ | 99⅝ | -⅛ | 5.78 |
| FINLAND 6 3/4 96 | 50000 | 102⅞ | 103⅛ | | 5.90 |
| INTER AMER DEV 7 1/4 00 | 30000 | 107⅛ | 107⅝ | -½ | 6.10 |
| KANSAI ELEC PWR 4 5/8 94 | 60000 | 99 | 99⅛ | | 5.16 |
| NIPPON TEL & TEL 5 7/8 96 | 50000 | 100⅛ | 101 | -⅛ | 5.67 |
| NORWAY 5 1/8 95 | 50000 | 99⅛ | 99⅝ | | 5.20 |
| SNCF 6 3/4 00 | 30000 | 104⅛ | 105 | -⅛ | 5.97 |
| SWEDEN 5 5/8 95 | 20000 | 100⅛ | 100⅝ | -⅛ | 5.57 |
| WORLD BANK 6 3/4 00 | 50000 | 105⅛ | 105⅝ | -⅛ | 5.92 |

| OTHER STRAIGHTS | Issued | Bid | Offer | Chg. day | Yield |
|---|---|---|---|---|---|
| BAYERISCHE VEREINS INT 7 94 LFr | 600 | 94¾ | 95¼ | | 9.68 |
| COPENHAGEN TEL 8 5/8 96 LFr | 600 | 98⅝ | 99⅛ | | 9.14 |
| WORLD BANK 8 96 LFr | 1000 | 97 | 98 | | 8.92 |
| ENERGIE BEHEER 8 3/4 98 Fl | 500 | 102⅞ | 103⅜ | -⅛ | 8.15 |
| UNILEVER 9 00 Fl | 500 | 105 | 105½ | -⅛ | 8.13 |
| ALBERTA PROVINCE 10 5/8 96 C$ | 500 | 104½ | 104⅞ | -⅛ | 9.15 |
| BELL CANADA 10 5/8 99 C$ | 150 | 104½ | 105 | -⅛ | 9.71 |
| BRITISH COLUMBIA 10 96 C$ | 500 | 102⅝ | 102⅞ | -⅛ | 9.19 |
| EIB 10 1/8 98 C$ | 130 | 103⅞ | 104⅜ | -⅛ | 9.26 |
| ELEC DE FRANCE 9 3/4 99 C$ | 275 | 102 | 102½ | -⅛ | 9.34 |
| FORD CREDIT CANADA 10 94 C$ | 100 | 101 | 102 | -⅛ | 9.45 |
| GEN ELEC CAPITAL 10 96 C$ | 300 | 103 | 103⅜ | -⅛ | 9.08 |
| KFW INT FIN 10 01 C$ | 400 | 102⅝ | 103⅛ | -⅛ | 9.54 |
| NIPPON TEL & TEL 10 1/4 94 C$ | 200 | 103⅛ | 103⅝ | -⅛ | 9.62 |
| ONTARIO HYDRO 10 7/8 99 C$ | 500 | 104½ | 104⅞ | -⅛ | 9.94 |
| OSTER KONTROLLBANK 10 1/4 99 C$ | 150 | 104 | 104⅜ | -⅛ | 9.45 |
| QUEBEC PROV 10 1/2 98 C$ | 200 | 103 | 103⅜ | -⅛ | [illegible] |
| BELGIUM 9 1/8 96 Ecu | 1250 | 101½ | 101⅞ | | 8.65 |
| CREDIT LYONNAIS 9 96 Ecu | 125 | 99⅞ | 100⅜ | +⅛ | 9.19 |
| DENMARK 7 5/8 96 Ecu | 250 | 93⅞ | 94⅜ | -⅛ | 9.57 |
| EEC 7 5/8 94 Ecu | 200 | 96⅞ | 97⅜ | | 9.52 |
| EIB 10 97 Ecu | 1125 | 105⅝ | 106 | -⅛ | 8.48 |
| FERRO DEL STAT 10 1/8 98 Ecu | 500 | 105 | 105⅜ | -⅛ | 8.95 |
| ITALY 10 3/4 00 Ecu | 1000 | 110⅛ | 110⅝ | -⅛ | 8.90 |
| UNITED KINGDOM 9 1/8 01 Ecu | 2750 | [illegible] | 103 | -⅛ | 8.62 |
| BP AMERICA 12 1/4 96 A$ | 100 | 107½ | 108 | | 9.81 |
| COMM BK AUSTRALIA 13 3/4 99 A$ | 100 | 116⅛ | 116⅝ | | 10.46 |
| EKSPORTFINANS 12 3/8 95 A$ | 75 | 109½ | 110 | | [illegible] |
| EUROFIMA 14 5/8 94 A$ | 75 | 111 | 111½ | +⅛ | 8.53 |
| MCDONALDS CANADA 15 95 A$ | 100 | 114 | 114½ | +⅛ | 9.65 |
| NAT AUSTRALIA BANK 14 3/4 94 A$ | 150 | 109⅞ | 110⅜ | +⅛ | 8.59 |
| STATE BK NSW 14 1/4 99 A$ | 100 | 117⅛ | 117⅝ | +⅛ | 10.73 |
| UNILEVER AUSTRALIA 12 98 A$ | 150 | 109⅛ | 109⅝ | +⅛ | 9.84 |
| VOLKSWAGEN INTL 15 94 A$ | 100 | 110½ | 111 | +⅛ | 9.03 |
| ABBEY NATL TREAS 13 3/8 95 £ | 100 | 107⅞ | 108⅜ | +⅛ | 10.03 |
| ALLIANCE & LEICS 11 3/8 97 £ | 100 | 103⅛ | 103⅝ | -⅛ | 10.47 |
| BRITISH GAS 12 3/4 95 £ | 300 | 106⅛ | 107 | +⅛ | 9.85 |
| BRITISH LAND 12 1/2 16 £ | 150 | 103⅛ | 103⅝ | -1⅛ | 12.46 |
| DEUTSCHE BK FIN 11 94 £ | 225 | 101⅝ | 102 | | [illegible] |
| EIB 10 97 £ | 636.5 | 102 | 102⅜ | | 9.44 |
| FINLAND 10 1/8 97 £ | 100 | 101⅛ | 101⅝ | | 9.74 |
| ITALY 10 1/2 14 £ | 400 | 105⅛ | 105⅝ | -⅛ | 9.89 |
| LAND SECS 9 1/2 07 £ | 200 | 88⅞ | 89⅜ | -⅛ | 11.05 |
| NORWAY 10 1/2 94 £ | 200 | 101⅛ | 101⅝ | +⅛ | 9.67 |
| ONTARIO 11 1/8 01 £ | 100 | 106⅞ | 107⅛ | | 9.93 |
| SEVERN TRENT 11 1/2 99 £ | 150 | 104⅞ | 105⅜ | -⅛ | 10.48 |
| SKANDINAVISKA ENSK 13 1/8 95 £ | 100 | 106⅞ | 107⅜ | +⅛ | 10.39 |
| TOKYO ELEC POWER 11 01 £ | 150 | 107 | 107⅜ | -⅛ | 9.80 |
| WORLD BANK 11 1/4 95 £ | 100 | 103⅛ | [illegible] | | 9.76 |
| ABBEY NATIONAL 0 96 NZ$ | 100 | 66⅛ | 67⅛ | +⅛ | 9.50 |
| BNP 12 96 NZ$ | 50 | 109½ | 110½ | +⅛ | 9.06 |
| CEPME 10 95 FFr | 2000 | 102½ | 102⅞ | | 9.04 |
| ELF-AQUITAINE 9 99 FFr | 600 | 100⅛ | 100⅝ | | 8.94 |
| EURATOM 7 5/8 98 FFr | 500 | 93⅞ | 94⅜ | +⅛ | [illegible] |

| FLOATING RATE NOTES | [illegible] | Bid | Offer | C.cpn |
|---|---|---|---|---|
| ALLIANCE & LEICS 0.08 94 £ | 300 | 99.54 | 99.64 | 10.7675 |
| BANCO ROMA 0.03 01 | 200 | 93.28 | 94.28 | 4.4050 |
| BELGIUM 1/16 97 DM | 500 | 99.89 | 99.94 | 9.6875 |
| BFCE -0.02 96 | 350 | 100.20 | 100.30 | [illegible] |
| BNP 05 | 300 | 97.76 | 98.76 | 5.2500 |
| BRITANNIA 1/10 96 £ | 150 | 99.07 | 99.27 | 10.7875 |
| CITIZENS FED 0.15 96 | 100 | 99.47 | 99.97 | 5.0000 |
| CREDIT FONCIER -1/16 98 | 200 | 100.33 | 100.43 | 5.3438 |
| DENMARK -1/8 96 | 1000 | 99.76 | 99.86 | 4.1875 |
| DRESDNER FINANCE 1/32 98 DM | 1000 | 99.97 | 100.02 | 9.5938 |
| ELEC DE FRANCE 1/8 99 | 400 | 101.14 | 102.14 | 5.2500 |
| FERRO DEL STAT 96 | 200 | 100.78 | [illegible] | 4.4375 |
| HALIFAX 1/10 94 £ | 200 | 99.89 | 99.99 | 10.5375 |
| IRELAND 98 | 300 | 99.71 | [illegible] | [illegible] |
| ITALY 00 | 500 | 100.82 | 101.32 | 4.5000 |
| LEEDS PERMANENT 1/8 96 £ | 200 | 99.47 | 99.57 | 10.9375 |
| MITSUI FIN ASIA 1/8 96 | 100 | 99.97 | 100.22 | 5.2500 |
| NAT WEST FIN 3/16 05 | 400 | 93.08 | 94.08 | 5.5000 |
| NEW ZEALAND 1/8 96 | 250 | 100.28 | 100.38 | 4.8130 |
| RENFE 98 | 500 | 100.05 | 100.15 | 5.0000 |
| SOCIETE GENERALE 96 | 300 | 99.81 | 99.91 | [illegible] |
| STATE BK VICTORIA 0.05 99 | 125 | 99.16 | 99.41 | 4.3625 |
| UNITED KINGDOM -1/8 96 | 4000 | 99.10 | 100.12 | 4.0625 |
| YORKSHIRE BS 1/10 94 £ | 165 | 99.59 | 99.69 | 10.5375 |

| CONVERTIBLE BONDS | Issued | Conv. price | Bid | Offer | Prem. |
|---|---|---|---|---|---|
| BURTON GROUP 4 3/4 01 £ | 110 | 2.38 | 131 | 132⅛ | |
| EASTMAN KODAK 6 3/8 01 | 300 | 50.67 | 98½ | 99½ | +23.62 |
| GOLD KALGOORLIE 7 1/2 00 | 65 | 1.0554 | 83 | 84 | +56.86 |
| HANSON 9 1/2 06 £ | 500 | [illegible] | 105⅛ | 105⅞ | +15.75 |
| HAWLEY 6 02 PREF | 400 | 19.1 | 104 | 104½ | |
| HILLSDOWN 4 1/2 02 £ | 150 | 3.97 | 118⅛ | 119⅛ | |
| LAND SECS 6 3/4 02 £ | 84 | 6.72 | 79½ | 80½ | +33.56 |
| LASMO 7 3/4 05 £ | 90 | 5.64 | 77⅛ | 78⅛ | |
| MOUNT ISA FIN 6 1/2 97 | 100 | 2.283 | 97⅛ | 98⅛ | +8.29 |
| OGDEN 6 02 | 85 | 39.077 | 81½ | 82½ | +44.76 |
| SMITH & NEPHEW 4 02 £ | 90 | 1.775 | 122⅛ | 123⅛ | +35.34 |
| TEXAS INSTRUMENTS 2 3/4 02 | 300 | 82⅛ | 90½ | 91½ | |
| THORN EMI 5 3/4 04 £ | 165 | 7.16 | 125⅛ | 126⅛ | -7.72 |

* No information available - previous day's price
‡ Only one market maker supplied a price

STRAIGHT BONDS: The yield is the yield to redemption of the bid-price; the amount issued is in millions of currency units. Chg. day = Change on day.
FLOATING RATE NOTES: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. Spread = Margin above six-month offered rate (three-month §above mean rate) for US dollars. C.cpn = The current coupon.
CONVERTIBLE BONDS: Denominated in dollars unless otherwise indicated. Cnv. price = Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem = Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

Data supplied by International Securities Market Association.

## RISES AND FALLS YESTERDAY

| | Rises | Falls | Same |
|---|---|---|---|
| British Funds | 13 | 61 | 4 |
| Other Fixed Interest | 0 | 9 | 8 |
| Commercial, Industrial | 370 | 244 | 847 |
| Financial & Property | 140 | 147 | 503 |
| Oil & Gas | 22 | 19 | 47 |
| Plantations | 1 | 0 | 8 |
| Mines | 20 | 34 | 93 |
| Others | 54 | 45 | 48 |
| Totals | 620 | 559 | 1,558 |

## LONDON RECENT ISSUES

### EQUITIES

| Issue Price p | Amount Paid up | Latest Renunc. Date | 1992 High | 1992 Low | Stock | Closing Price p | + or - | Net Div. | Times Cov'd | Gross Yield | P/E Ratio |
|---|---|---|---|---|---|---|---|---|---|---|---|
| 100 | F.P. | – | 89 | 87 | Amicable Smaller | 88 | | W3.1 | – | 4.7 | – |
| – | F.P. | – | 28 | 27 | Do Warrants | 28 | | – | – | – | – |
| 106 | F.P. | – | 120 | 95 | Avonside Group | 120 | +5 | 15.8 | 2.1 | 6.4 | 9.7 |
| – | F.P. | – | 410 | 378 | Bodycote Intl. (RFD) | 409 | | 8.75 | 3.0 | 2.9 | 15.0 |
| – | F.P. | – | 4 | 2 | Brent Walker Wts to Sub. | 3½ | | – | – | – | – |
| [illegible] | F.P. | – | 130 | 111 | Brit. Data Management | 130 | +2 | R4.0 | 2.7 | 4.1 | 11.4 |
| – | F.P. | – | 36 | 21 | [illegible] Leisure | 21 | | – | – | – | – |
| – | F.P. | – | 104 | 99 | CU Environmental | 104 | | – | – | – | – |
| – | F.P. | – | 28 | 20 | Do Warrants | 28 | | – | – | – | – |
| † | F.P. | – | 75 | 56 | Capital Industries Ip | 56 | | – | – | – | – |
| 70 | F.P. | – | 72 | 65 | Fleming Inc & Cap Tst Inc. | 69 | | F4.73 | – | 9.1 | – |
| 100 | F.P. | – | 107 | 94 | Do Units | 107 | +1 | F4.73 | – | 5.9 | – |
| 30 | F.P. | – | 35 | 30½ | Do. Zero Div. Pf. | 34½ | +½ | – | – | – | – |
| 110 | F.P. | – | 137 | 119 | Forth Ports | 137 | +2 | W5.5 | 3.6 | 5.4 | 6.9 |
| £10⅝ | F.P. | – | £12⅛ | £10⅝ | Latin Am Inc & Appr. In | £10⅝ | | – | – | – | – |
| – | F.P. | – | 38 | 34½ | M & G Recovery Inc. | 38 | +½ | F3.75 | – | 13.2 | – |
| – | F.P. | – | 21½ | 12½ | Do Capital | 21½ | +½ | – | – | – | – |
| – | F.P. | – | 58 | 46½ | Do Geared Units | 58 | | F3.75 | – | 8.6 | – |
| – | F.P. | – | 109 | 95 | Do Package Units | 109 | | F3.75 | – | 4.6 | – |
| – | F.P. | – | 11 | ¾ | Multitrust Warrants | [illegible] | | – | – | – | – |
| – | F.P. | – | 4½ | 4 | Platignum A | 4 | | – | – | – | – |
| 115 | F.P. | – | 136 | 121 | Rosebys | 135 | | L4.3 | 1.7 | 4.2 | 15.5 |
| 100 | F.P. | – | 100½ | 98 | Templeton Emrg. Mkts. C. | 100 | | – | – | – | – |
| – | F.P. | – | 160 | 147 | Usher-Walker (RFD) | 149 | | 5.5 | 1.3 | 4.9 | 20.4 |
| 585 | F.P. | – | 642 | [illegible] | Waste Management Intl. | 623 | -21 | – | – | – | – |
| – | F.P. | – | 24½ | 22½ | Wetsac (RFD) | 24½ | | – | – | – | – |

## FIXED INTEREST STOCKS

| Issue Price £ | Amount Paid up | Latest Renunc. Date | 1992 High | 1992 Low | Stock | Closing Price £ | + or - |
|---|---|---|---|---|---|---|---|
| 100p | F.P. | - | 101¼p | 97¼p | Bank of Ireland Units Non-Cum Prf A | 100¼p | +½ |
| - | F.P. | - | 12p | 8p | Brent Walker Var Rte 2nd Prf '00/07 | 12p | |
| - | F.P. | - | 12p | 7p | Do 8½pc 3rd Non-Cum Cnv Prf 2007/10 | 11p | +½ |
| 10p | F.P. | - | 10p | 8p | Butte Mining 10pc (Net) Cv Prf 1994 | 8p | |
| 100 | F.P. | - | 107½ | 92½ | Camborne Inds 10½pc Rd. Deb. 2001 | 95⅞ | |
| 100p | F.P. | - | 108p | 100p | Fidelity Euro. Values Equity Ln 2001 | 108p | |
| 105 | F.P. | - | 110 | 98 | Greencore 9.5% Cnv Uns Ln Stk 1995 | 105 | |
| - | F.P. | - | 51¼p | 48½p | M & G Recovery Zero Div Prf 1p | 51¼p | +¼ |
| 100p | F.P. | - | 105¾p | 97p | Nat West Bank 9pc Prf Series A | 102¼p | -¼ |
| 650p | P.P. | - | 429p | 330p | (Thorn EMI) Non-Int. Bearing Cv Units | 429p | +1 |
| 8 | F.P. | - | 73p | 68p | Wembley 6p (Net) Cv Cum Prf 1999 | 68p | |

## RIGHTS OFFERS

| Issue Price p | Amount Paid up | Latest Renunc. Date | 1992 High | 1992 Low | Stock | Closing Price p | + or - |
|---|---|---|---|---|---|---|---|
| 12 | Nil | 28/4 | ½pm | ½pm | Addison Consultancy | ½pm | |
| 85 | Nil | 21/4 | 13pm | 11½pm | Courtney, Pope | 13½pm | |
| 105 | Nil | – | 13pm | 8pm | European Motor | 12pm | |
| 98 | Nil | 27/5 | 15pm | 11½pm | JLI Group | 15pm | |
| 36 | Nil | [illegible] | 13pm | 4pm | Kynoch (G & G) | 13pm | +7 |
| 220 | Nil | 26/5 | 71pm | 47pm | Laird Group | 71pm | +11 |
| 40 | Nil | 27/5 | 1½pm | ½pm | Plantbrook | [illegible] | |

a Annualised dividend. b Figures based on prospectus estimates. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. g Assumed dividend and yield. q Earnings based on preliminary figures. r Forecast or estimated annualised dividend rate, cover based on previous year's earnings. s Ex-dividend. F Dividend and yield based on prospectus or other official estimates for 1992-93. H Dividend and yield based on prospectus or other official estimates for 1991. L Estimated annualised dividend, cover and p/e based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1991-92. N Dividend and yield based on prospectus or other official estimates for 1992. Q Gross. R Forecast annualised dividend, cover and p/e ratio based on prospectus or other official estimates. W Pro Forma figures. ‡ Offered to holders of ordinary shares as a "rights". † Introduction. § Placing price. †† Reintroduction. ‡ Unlisted securities market. ♦ Issued in connection with reorganisation, merger or takeover. ●● Price at a premium.

## TRADITIONAL OPTIONS

- First Dealings Apr. 13
- Last Dealings May 1
- Last Declarations July 23
- For settlement August 3

*3-month call rate indications are shown on this page.*

Calls in **ASDA, Cannon Street Invs., Clinton Cards, Copymore, Dowty, MEPC, Palon and Tarmac.** Put in Palon.

## LIFFE EQUITY OPTIONS

| Option | | Calls Apr | Calls Jul | Calls Oct | Puts Apr | Puts Jul | Puts Oct |
|---|---|---|---|---|---|---|---|
| Allied Lyons (*639) | 600 | 43 | 53 | 70 | 1 | 14 | 19 |
| | 650 | 2 | 24 | 42 | 15 | 38 | 44 |
| | 700 | 1 | 11 | 24 | 65 | 77 | 79 |
| ASDA (*31) | 30 | 2½ | 6½ | 8 | ½ | 4½ | 5 |
| | 35 | ½ | – | – | 4 | – | – |
| | 40 | ½ | – | – | 13 | – | – |
| Brit. Airways (*280) | 260 | 21 | 29 | 38 | ½ | 11 | 16 |
| | 280 | 3 | 17 | 29 | 4 | 18 | 23 |
| | 300 | 1 | 9 | 20 | 21 | 32 | 35 |
| SmKl Beecham A (*831) | 800 | 36 | 67 | 90 | 1½ | 21 | 31 |
| | 850 | 3 | 38 | 61 | 23 | 43 | 53 |
| Boots (*489) | 460 | 31 | 41 | 52 | 1 | 12 | 15 |
| | 500 | 2 | 17 | 34 | 15 | 30 | 34 |
| B.P. (*257) | 240 | 18 | 23 | 28 | 1 | 5½ | 9½ |
| | 260 | 1½ | 11½ | 17½ | 5 | 14 | 19 |
| British Steel (*75) | 70 | 5½ | 9 | 11½ | 1 | 4 | 5 |
| | 80 | ½ | 4 | 6½ | 5½ | 8½ | 10 |
| Bass (*614) | 600 | 17 | 36 | 53 | 3 | 22 | 25 |
| | 650 | 1 | 14 | 29 | 40 | 50 | 55 |
| C & Wire (*557) | 550 | 12 | 36 | 51 | 3½ | 23 | 31 |
| | 600 | 1 | 14 | 28 | 45 | 58 | 63 |
| Courtaulds (*576) | 550 | 30 | 45 | 63 | 2 | 16 | 24 |
| | 600 | 1½ | 19 | 36 | 25 | 43 | 49 |
| Com. Union (*455) | 420 | 39 | 52 | 58 | 1 | 6 | 13 |
| | 460 | 2 | 24 | 33 | 9 | 20 | 30 |
| Fisons (*377) | 360 | 28 | 36 | 47 | 1 | 16 | 24 |
| | 390 | 3 | 21 | 35 | 16 | 32 | 38 |
| GKN (*388) | 360 | 22 | 37 | 43 | 1 | 9½ | 18 |
| | 390 | 1½ | 20 | 27 | 13 | 24 | 33 |
| Grand Met. (*460) | 450 | 14 | 36 | 42 | 2 | 12 | 19 |
| | 475 | 2½ | 21 | 29 | 17 | 23 | 32 |
| I.C.I. (*1353) | 1300 | 55 | 105 | 133 | 2½ | 24 | 46 |
| | 1350 | 13 | 75 | 102 | 18 | 43 | 65 |
| Kingfisher (*546) | 500 | 50 | 52 | 67 | 1 | 13 | 19 |
| | 550 | 5 | 25 | 39 | 13 | 32 | 42 |
| Ladbroke (*248) | 230 | 21 | – | – | 1 | – | – |
| | 250 | 3 | – | – | 3 | – | – |
| Land Secs (*411) | 390 | 24 | 31 | 37 | 1 | 12 | 15 |
| | 420 | 2 | 12 | 21 | 13 | 30 | 32 |
| M & S (*328) | [illegible] | 40 | 51 | 60 | 1 | 2 | 5 |
| | 330 | 3½ | 14 | 25 | 5 | 16 | 20 |
| Sainsbury (*431) | 420 | 14 | 25 | 39 | 1½ | 13 | 17 |
| | 460 | 1 | 8½ | 20 | 31 | 39 | 42 |
| Shell Trans. (*475) | 460 | 17 | 37 | 47 | 1 | 11 | 16 |
| | 500 | ½ | 15 | 22 | 28 | 32 | 37 |
| Storehouse (*132) | 130 | 5 | 13 | 18 | 4 | 11 | 18 |
| | 140 | 1 | 7½ | 13 | 13 | 16 | 18 |
| Trafalgar (*140) | 140 | 2½ | 13 | 21 | 4 | 16 | 21 |
| | 160 | 1 | 8 | 14 | 23 | 31 | 34 |
| Utd. Biscuits (*433) | 420 | 15 | 32 | 44 | 1 | 9 | 15 |
| | 460 | 1 | 12 | 23 | 28 | 31 | 35 |
| Unilever (*924) | 900 | 29 | 62 | 89 | 1½ | 28 | 29 |
| | 950 | 1½ | 33 | 60 | 30 | 40 | 51 |
| Ultramar (*217) | 220 | 25 | 3 | – | 1 | – | – |
| | 240 | 6 | 1½ | – | 5 | – | – |

| Option | | Calls May | Calls Aug | Calls Nov | Puts May | Puts Aug | Puts Nov |
|---|---|---|---|---|---|---|---|
| Brit Aero (*356) | 330 | 35 | 45 | 50 | 4½ | 11 | 17 |
| | 360 | 13 | 28 | 34 | 16 | 23 | 31 |
| | 390 | 7 | – | – | 29 | – | – |
| BAA (*599) | 550 | [illegible] | 110 | 123 | – | 4 | 6½ |
| | 600 | 22 | 36 | 55 | 16 | 30 | 36 |
| | 650 | 5 | 16 | 32 | 52 | 63 | 65 |
| BAT Inds (*737) | 700 | 52 | 67 | 77 | 6 | 18 | 26 |
| | 750 | 18 | 38 | 49 | 25 | 40 | 50 |
| | 800 | 5 | 17 | 30 | 67 | 73 | 85 |
| BTR (*449) | 420 | 35 | 48 | 54 | 3½ | 7 | 12 |
| | 460 | 8 | 20 | 27 | 18 | 22 | 28 |
| Brit. Telecom (*340) | 330 | 17½ | 26 | 32 | 4½ | 12 | 15 |
| | 360 | 4½ | 10½ | 17½ | 21 | 30 | 33 |
| Cadbury Sch (*439) | 420 | 45 | 60 | 70 | 2½ | 7 | 12 |
| | 460 | 16 | 33 | 45 | 13 | 21 | 26 |
| Eastern Elec ([illegible]) | 270 | 17 | – | – | 6 | – | – |
| | 300 | 4 | 8 | 12 | 25 | 33 | 36 |
| [illegible] (*564) | 550 | [illegible] | 48 | 63 | 8 | 16 | 22 |
| | 600 | 6½ | 27 | 36 | 39 | 43 | 46 |
| GEC (*217) | [illegible] | 38½ | 40½ | 43 | 1 | 2 | 3½ |
| | 220 | 6 | 10½ | 14 | 7½ | 14 | 15½ |
| Hanson (*236) | 220 | 20½ | 24 | 28½ | 2 | 5½ | 8½ |
| | 240 | 6½ | 11 | 16½ | 9 | 14 | 17 |
| LASMO ([illegible]) | 200 | 19 | 30 | 35 | 6 | 11 | 14 |
| | 220 | 8 | 19 | 25 | 15 | 21 | 26 |
| Lucas Inds (*131) | 130 | 7½ | 14 | 17 | 5½ | 8½ | 13 |
| | 140 | 3 | 8½ | 12 | 12 | 14 | 18 |
| P. & O. ([illegible]) | 460 | 42 | 60 | 61 | 6½ | 14 | 24 |
| | 500 | 17 | 33 | 41 | [illegible] | 30 | 43 |
| Pilkington (*148) | 140 | 13 | 17 | 21 | 4½ | 11 | 13 |
| | 160 | 4 | 8 | 12½ | 16 | 22 | 24 |
| Prudential (*254) | 240 | 18 | 27 | 32 | 3 | 7 | 9 |
| | [illegible] | 6½ | 15 | 20 | 10 | 16 | 18 |
| R.T.Z. (*596) | 550 | 50 | 73 | 84 | 4 | 12 | 18 |
| | 600 | 20 | 40 | 55 | 19 | 29 | 38 |
| Scot. & New (*454) | 420 | 44 | 50 | 58 | 3 | 9 | 13 |
| | 460 | 14 | 25 | 36 | 15 | 26 | 33 |
| Tesco ([illegible]) | 280 | 8 | 19 | 25 | 12 | 13 | 17 |
| | 300 | 3 | 8½ | 15 | 26 | 28 | 30 |
| Thames Water (*425) | 420 | 19 | 26 | 38 | 12 | 23 | 26 |
| | 460 | 4 | 10 | 20 | 40 | 50 | 50 |
| [illegible] (*353) | 330 | 30 | 39 | 52 | 4 | 10 | 14 |
| | 360 | 11 | 20 | 34 | 15 | 23 | 27 |

| Option | | Calls Jun | Calls Sep | Calls Dec | Puts Jun | Puts Sep | Puts Dec |
|---|---|---|---|---|---|---|---|
| Abbey Nat. (*310) | 280 | 38 | 43 | 51 | 3 | 6 | 8 |
| | 300 | 22 | 29 | 38 | 7 | 12 | 14 |
| | 330 | 7 | 14 | 22 | 23 | 26 | 29 |
| Amstrad (*34) | 30 | 7 | 9 | 10 | 3 | 4 | 6 |
| | 35 | 4 | 6 | 8 | 4 | 7 | 8½ |
| | 40 | 3 | 4½ | 6½ | 9 | 10 | 12 |
| Barclays (*333) | 300 | 43 | 48 | 53 | 3 | 7 | 10 |
| | 330 | 19 | 27 | 34 | 10 | 17 | 20 |
| | 360 | 6 | 13 | 19 | 29 | 35 | 39 |
| Blue Circle (*266) | 260 | 13 | 22 | 28 | 14 | 19 | 23 |
| | 280 | 6 | 13 | 20 | 26 | 31 | 34 |
| British Gas (*274) | 260 | 16 | 24 | 28 | 7 | 9 | 13 |
| | 280 | 7 | 13½ | 18 | 18 | 19 | 24 |
| Dixons (*261) | 260 | 17 | 23 | 32 | 13 | 21 | 22 |
| | 280 | 7½ | 14 | 23 | 27 | 32 | 33 |
| Eurotunnel (*381) | 360 | 45 | 60 | [illegible] | 18 | 28 | 39 |
| | 390 | 27 | 43 | 62 | 33 | 43 | 47 |
| Glaxo (*754) | 750 | 31 | 77 | 97 | 32 | 50 | 60 |
| | 800 | [illegible] | 52 | 74 | 64 | 76 | 87 |
| Hillsdown ([illegible]) | 180 | 12 | 17 | 21 | 8½ | 11 | 14 |
| | 200 | 3½ | 8½ | 12 | 23 | 26 | 26 |
| Lonrho (*80) | 80 | 13 | 17 | 23 | 8 | 11 | 13 |
| | 90 | 6 | 13½ | 17 | 15 | 18 | 21 |
| Midland Bk (*360) | 360 | 19 | 36 | 33 | 14 | 30 | 22 |
| | 390 | 6½ | 11 | 19 | [illegible] | 40 | 41 |
| National Power (*217) | [illegible] | 12 | 18 | – | 8 | 13 | – |
| | 235 | 4½ | 8 | – | 30 | 24 | – |
| [illegible] (*1150) | 1150 | 65 | 99 | 138 | 45 | 62 | 74 |
| | 1200 | 43 | 75 | 113 | 74 | 80 | 98 |
| R. Royce (*168) | 160 | 16 | 22 | 25 | 5 | 9 | 11 |
| | 180 | 5½ | 11 | 17 | 16 | 18 | [illegible] |
| Scottish Power (*94) | 90 | 10½ | 12½ | 15½ | 3½ | [illegible] | 10 |
| | 100 | 5½ | 7½ | 10½ | 9 | 14 | 15 |
| [illegible] (*112) | 110 | 6½ | 9½ | 12 | 7½ | 9 | 10 |
| | 120 | 3 | 6 | 8 | 15 | 17 | 18 |
| Forte (*252) | 240 | 15 | 25 | 31 | 8 | 11 | 13 |
| | 260 | 7 | 13 | 19 | 20 | 22 | 25 |
| Thorn EMI (*835) | [illegible] | 80 | 77 | 107 | 30 | 50 | 55 |
| | 800 | 40 | 52 | 73 | 64 | 76 | 80 |
| TSB (*136) | 130 | 12 | 15 | 19 | 4 | 7 | 8½ |
| | 140 | 6½ | 10 | 13 | 8 | 12 | 13 |
| Vaal Reefs (*$52) | 50 | 6½ | 7 | 8 | 3 | 4½ | 6 |
| | 60 | 2 | 5 | 4½ | 9 | 11 | 12 |
| Wellcome (*1116) | 1100 | 73 | 115 | 148 | 49 | 67 | 81 |
| | 1150 | 49 | 89 | 125 | 78 | 95 | 108 |

### EURO FT-SE INDEX (*2626)

| | 2475 | 2525 | 2575 | 2625 | 2675 | 2725 | 2775 | 2825 |
|---|---|---|---|---|---|---|---|---|
| **CALLS** | | | | | | | | |
| Apr | 170 | 122 | 72 | 32 | 8 | 2 | 1 | ½ |
| May | 185 | 141 | 101 | 65 | 38 | 21 | – | 3 |
| Jun | – | 158 | – | 85 | – | 34 | – | 10 |
| Sep | – | 208 | – | 143 | – | 92 | – | 35 |
| Dec | – | 255 | – | 190 | – | 135 | – | 88 |
| Mar | – | 290 | – | 220 | – | 170 | – | 125 |
| **PUTS** | | | | | | | | |
| Apr | 2 | 2½ | 4½ | 16 | 42 | 82 | 132 | 182 |
| May | 8 | 12 | 21 | 35 | 61 | 91 | – | 171 |
| Jun | – | 18 | – | 41 | – | 91 | – | 165 |
| Sep | – | 42 | – | 72 | – | 110 | – | 170 |
| Dec | – | 60 | – | 85 | – | 120 | – | 175 |
| Mar | – | 67 | – | 100 | – | 120 | – | 160 |

### FT-SE INDEX (*2626)

| | 2450 | 2500 | 2550 | 2600 | 2650 | 2700 | 2750 | 2800 |
|---|---|---|---|---|---|---|---|---|
| **CALLS** | | | | | | | | |
| Apr | 195 | 145 | 96 | 49 | 15 | 3 | 1½ | – |
| May | 213 | 165 | 121 | 81 | 49 | 26 | 12 | 5 |
| Jun | 228 | 182 | 142 | 103 | 70 | 43 | 26 | 9 |
| Jul | 243 | 200 | 160 | 123 | 89 | 63 | – | – |
| Dec † | – | 275 | – | 208 | – | 148 | – | 100 |
| **PUTS** | | | | | | | | |
| Apr | 1 | 1 | 2 | 7 | 26 | 75 | 125 | 175 |
| May | 4½ | 8 | 15 | 27 | 47 | 85 | 125 | 175 |
| Jun | 8 | 14 | 24 | 36 | 57 | 87 | 127 | 177 |
| Jul | 18 | 25 | 35 | 49 | 68 | 93 | – | – |
| Dec † | – | 59 | – | 87 | – | 131 | – | 195 |

April 21 Total Contracts 28,265
Calls 19,105 Puts 9,160
FT-SE Index Calls 8,724 Puts 4,881
Euro FT-SE Calls 660 Puts 277
Eurotrack 100 Index Calls 0 Puts 0
*Underlying security price. † Long dated expiry months.
Premiums shown are based on middle prices.

## TRADITIONAL OPTION 3-month call rates

| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| ■ INDUSTRIALS | p | Charter Cons. | 37 | Ladbroke | 17 | Sears | 8 | ■ OILS | |
| Allied-Lyons | 48 | Comm Union | 32 | Legal & Gen | 27 | SmKl Bchm A | 65 | Aviva Pet | 30 |
| Amstrad | 5½ | Courtaulds | 38 | Lex Service | 16 | TI | 48 | BP | 21 |
| Astec (BSR) | 3 | Eurotunnel | 34 | Lloyds Bank | 29 | TSB | 9½ | Burmah Castrol | 38 |
| BAT Inds | 50 | FKI | 5½ | Lonrho | 15 | Tesco | 19 | Conroy Pet | 6 |
| BOC | 48 | FNFC | 8 | Lucas Inds | 10½ | Thorn EMI | 58 | Gaelic Res | ½ |
| BTR | 32 | Forte | 18 | Marks Spencer | 24 | T & N | 11½ | Premier Cons | 2½ |
| Barclays | 30 | GKN | 26 | Midland Bank | 19 | Unilever | 70 | Shell | 33 |
| Blue Circle | 20 | Gen Accident | 31 | NatWest Bank | 23 | Vickers | 12 | Tuskar Res | ½ |
| Boots | 33 | GEC | 15 | P & O Dfd | 30 | Wellcome | 72 | ■ MINES | |
| Bowater | 58 | Glaxo | 59 | Racal Elect | 5 | ■ PROPERTY | | RTZ | 42 |
| Brit Aerospace | 30 | Grand Met | 70 | RHM | 16 | Brit Land | 18 | | |
| British Steel | 6 | GRE | 19 | Rank Org | 52 | Land Sec. | 32 | | |
| Brit Telecom | 24 | Hanson | 16 | Ratners | 9 | MEPC | 26 | | |
| Cadburys | 33 | ICI | 90 | Reed Intl | 39 | Mountleigh | 1½ | | |

# Fire and Acts of God included

## Andrew Jack on the fortunes of the Ecclesiastical Insurance Group

GOD MAY have had a hand in its creation, but Ecclesiastical Insurance Group finds that most of its current concerns are rooted firmly here on earth.

It is scarcely ruffled by the £2m it estimates will be paid out as a result of the IRA bomb 12 days ago which damaged six churches in the City of London. It is confident that its diverse portfolio should absorb any short-term impact on premiums.

A statement issued shortly after the bomb blast was more preoccupied with the damage to church heritage and "irreplaceable" stained glass than with the claims it would be required to meet.

"Mercifully," it said, "the organist at St Helen's, Bishopsgate, who was playing the organ at the time of the explosion and was showered with glass was uninjured although he was severely shocked."

The aura of the Church of England still hovers over the company, which was founded in 1887 by senior members of the Anglican hierarchy and still insures 95 per cent of its churches. However, divine inspiration has not left the company safe from the problems facing its secular competitors. It declared losses of £2.16m for the six months to last June, and of £840,000 for the last full year – much of it the result of the 1990 storms and other natural catastrophes.

Ecclesiastical paid out more than £3m to York Minster after fire damage caused by lightning in 1984 – unleashed, some people suggested, by the enthronement two days' earlier of the controversial Bishop of Durham. It is also contributing to the costs caused by the crane that collapsed on to the roof of St James Garlickhythe in London last year.

Mr John McArdell, who joined the company straight from school in 1948 and is now deputy managing director, lists a number of "standard perils" triggering its policies, with wind damage, frozen pipes and lightning strikes high among them.

Acts of God are all covered by Ecclesiastical's policies. But those motivated by Mammon are rather more of a drain on its resources. Vandalism and arson are both on the increase, while one in three churches are now affected each year by theft of items such as lead roofing, offeratory boxes and pews.

The company employs 75 surveyors and valuers around the country, well-versed in their appreciation of historic buildings, who quantify premiums and assess payments when claims are made.

The Ecclesiastical Buildings Fire Office, as it was originally known, remains true to its Victorian roots and objectives: to conserve for the Church profits from insuring its property. On top of its original motto – "For the church" – its modern slogan is "Insurance you can believe in."

The board is still dominated by Anglican clergy, and its various subsidiaries are all ultimately owned by Allchurches Trust. The trust is able to recover the tax paid on the dividends and distribute the money to church causes.

The religious backdrop has not blurred a good eye for business, however. Dividends to the trust have grown sharply, totalling £16m since it was created, £6m of which was generated in the last five years.

Ecclesiastical's investment portfolio mirrors that of other insurance companies. It has boosted premium income with new products, such as contents cover for vicarages and motor insurance for the clergy. In 1988, it launched the Amity Fund, an ethical unit trust investing in companies which contribute to "the quality of family and community life".

The company is not exempt from unholy competition, however. Alongside the larger general insurers, Methodist Insurance, Congregational & General and United Reform Church Insurance all vie to cover the buildings of their own denominations.

"The stock of churches is not expanding and the Church is under a lot of financial constraints," says Mr McArdell. "We try to run church insurance near to break-even. The market is very competitive."

As a result, the company launched a programme of diversification in the 1970s and now has 10 offices in the UK and three in Canada.

It has also moved into more general types of insurance, using its expertise in historic buildings to capture the business of more than 50 per cent of all independent and public schools, as well as a growing number of nursing homes and charities.

But the ethical philosophy remains, reflected in initiatives such as subsidies to keep premiums charged to vicars in inner cities to levels in lower risk areas.

"We are wholly independent of the Church of England," says Mr McArdell, "but would hope everything we did would be approved of by it."

Ashley Ashwood

The Wren church of St James Garlickhythe and the destruction caused by a crane from the construction site opposite

# Venture Plant suspended ahead of statement

By Andrew Bolger

SHARES IN Venture Plant Group were yesterday suspended at 8½p, shortly before the USM-quoted plant hire business said it would soon announce a substantial acquisition.

Venture is expected to announce the purchase of a materials handling business in the mining industry, funded with a rights issue, by the first week of May.

The deal will represent the first significant move by Mr Richard Cameron and Mr Brian Thompson, Venture's joint chief executives, who both joined the loss-making company from Blackwood Hodge, the international distributor of earthmoving equipment which was bought by BM Group in 1990.

Venture was seen as an attractive "shell" by Mr Thompson and Mr Cameron, who each own 7.6 per cent of the company. The group incurred pre-tax losses of £5.5m in the year to end-September, but eight of the 11 branches have been closed, and there have been substantial redundancies and sales of surplus equipment and land.

At suspension, Venture had a market value of £2.6m.

# Capital reorganisation for Dwyer

Dwyer, the Dublin-based property company, is proposing a capital reorganisation aimed at cutting gearing and allowing it to end the payment of preference dividends.

It plans to replace its convertible preference shares with ordinary shares on a 1-for-1 basis. The 12.8m shares resulting will represent a little less than 50 per cent of the enlarged capital.

The company said that with the conversion price of 256p, against yesterday's closing price of 34p, down 5p on the day, and following a fall of 9p on Thursday, it was unlikely holders would exercise their rights making the preference shares similar to debt.

Treating them as such resulted in gearing of about 400 per cent, which the reorganisation would cut to 175 per cent. On the same basis net asset value per share would fall from 120p to 110p.

The proposals will be put to an extraordinary meeting on May 14.

# Ropner stages second half recovery

ROPNER, the engineering, property, investment and shipping group, picked up in the second half to leave 1991 pre-tax profits just 4.5 per cent short on the previous year.

Profits for the 12 months worked through at £5.27m (£5.53m), after being £2.27m (£2.97m) at the halfway mark. "A creditable performance" according to Mr Jeremy Ropner, chairman.

Following the earlier disposal programme, turnover dropped from £35.4m to £14.6m, and generated an operating surplus of £1.55m compared with £2.64m.

The rest of the profit was made up of income from interests in associated undertakings £1.81m (£1.59m) and investment revenue £2.09m (£2.11m), less interest payable significantly lower at £181,000 (£815,000).

Mr Ropner said each of the three operating divisions contributed positively; stringent control of costs and "a realistic approach" to marketing made a significant impact.

Engineering activities included production of domestic electric heaters, textile and can making machinery, and machinery for paper making and paper processing.

Profit of the Scruttons associate was £4.27m (£1.87m). Group share was £1.22m and included non-recurring exceptional items of £2.42m of which £693,000 was attributable to the shareholding.

It was clear that recessionary and competitive influences were affecting Scruttons' performance in 1992, Mr Ropner declared.

Cash resources created by disposals had been conserved against the background of a deteriorating business environment. The group had generated a positive cash flow while continuing to invest in existing businesses.

For the current year Mr Ropner was optimistic of a better contribution from engineering, where Meltog had a gratifying order book, and of continuing progress in property. Shipping, however, was unlikely to achieve a result comparable to 1991.

"When the business climate improves I am confident that – as a result of the measures we have taken to restructure the framework of the company – our profitability and dividend-paying capability will improve," he said.

Earnings per share were maintained at 15.8p and the dividend is held at 8.25p with a final of 4.75p.

# Ivax pays £22m for Waverley

By Paul Abrahams

WAVERLEY Pharmaceutical, a privately-owned contract manufacturing company, has been acquired by Ivax Corporation, the US chemicals and pharmaceuticals group.

Waverley's owners have been paid about £22m in non-tradeable stock for the group which in 1991 had turnover of £9m and trading profits of £650,000.

Mr Ian Black, Ivax's vice president international, said the company would continue to pursue companies throughout Europe in an effort to expand its marketing network and product range. The group already has expertise in tablet, capsule, injectable and aerosol delivery systems. It develops and manufactures both patented and generic medicines.

"This move will help us achieve our aim of becoming a fully-integrated pharmaceutical manufacturer with the capability to produce all dosage forms," Mr Black explained.

Waverley, which specialises in blow-filled seal technology used in respiratory medicine, opthalmology, surgery and contact lens care, sells nearly all its products in Europe.

Ivax has no previous experience in the technology, involving plastic containers which are blow-moulded, filled with product and sealed in one continuous sterile operation.

The number of blow-filled seal units manufactured in the UK has increased from 6m in the mid-1980s to more than 300m last year. Waverley produces about half of these which it supplies to Ciba Vision, Boehringer Ingelheim and Boots.

Waverley said it would use the additional resources provided by Ivax to develop and expand its manufacturing operations.

# Greenacre tops £0.9m after 70% advance

EXPANSION by Greenacre Group, the nursing and residential care home business, saw pre-tax profit increase 70 per cent, from £536,000 to £913,000, in the year to January 31 1992.

Beds under operation and/or development rose from 119 to 334 and the number of homes from three to seven. Most of the expansion was in Gloucestershire where the group was the principal provider of long stay nursing beds for the elderly.

Turnover rose to £3.03m (£2.18m). Nursing and residential care homes accounted for £751,000 (£439,000) of the profit. Earnings per share were 0.7p (0.47p) basic and 0.47p (0.45p) fully diluted. The final dividend is 0.125p for a total of 0.25p (0.225p).

Mr Tony Acton, chairman, said the balance sheet remained strong with shareholders' funds of £11.6m and net cash of £3.2m. No interest was capitalised in the past year.

"We remain in an excellent position to continue our expansion plans in the year ahead," he stated. The 60-bed nursing home at Trowbridge was expected to open in the final quarter.

# Exploration Co of Louisiana

The Exploration Company of Louisiana, the oil and gas exploration and production company quoted in London, plunged into losses in 1991.

In the final quarter non-cash provisions related to a $6.9m (£3.89m) write-down of investments and other assets and an impairment of oil and gas properties amounted to $14.6m. The latter resulted from sharply lower 1992 gas prices.

Net losses of $23.9m compared with net income of $1.09m last time. Oil and gas revenues advanced to $11.2m ($8.35m) thanks to higher production levels. Losses per share grew to 32 cents (1 cent).

## NEWS DIGEST

# Pilkington quits US auto glass market

PILKINGTON, the glassmaker, yesterday announced it was to quit the US retail market for automobile glass by swapping its 70 retail stores for 22 wholesale distribution warehouses owned by TCG International Inc (TCGI) of Canada.

Pilkington said it would pay TCGI an undisclosed amount to balance the deal but the cost would be lower than 5 per cent of consolidated net assets, or less than £100m.

The TCGI warehouses will be added to the 57 wholesale centres operated throughout the US by Libbey-Owens-Ford, a Pilkington subsidiary.

# Keystone net asset value well down

Net asset value per ordinary share of the Keystone Investment Company stood at 421.32p at March 31 1992. That compared with 461p a year earlier and with 489.13p at the end-September 1991 year-end.

Net revenue for the half year to March 31 amounted to £721,518 (£873,294), equal to earnings of 5.05p (6.12p).

The interim dividend is lifted to 5p (4p) and the board expects to recommend a same-again final of 10p for a 15p (14p) total.

# R&M Extra Income assets fall to 78.8p

Net asset value per ordinary share of River & Mercantile Extra Income Trust stood at 78.8p at March 31 1992. That compared with 104.16p a year earlier and with 102.3p at end-September 1991.

Available income for the six months to end-March amounted to £1.13m (£944,000), equal to earnings of 3.05p (3.13p).

A second interim dividend of 1.96875p (same) makes 3.9375p (2.80875p) to date.

## Notice of Redemption to the Holders of

# Whitman Finance Corporation N.V.

(formerly IC Industries Finance Corporation N.V.)

## Sinking Fund Zero Coupon Bonds Due 1994

NOTICE IS HEREBY GIVEN, that pursuant to the provisions of Section 5 of the Fiscal and Paying Agency Agreement dated May 15, 1982 among IC Industries Finance Corporation N.V. (now Whitman Finance Corporation N.V.) (the "Company"), IC Industries, Inc. (now Whitman Corporation), as Guarantor, and The Chase Manhattan Bank, N.A., as Fiscal Agent and Paying Agent, $58,258,000 aggregate principal amount of the Company's Sinking Fund Zero Coupon Bonds Due 1994 (the "Bonds") will be redeemed, through operation of the sinking fund, on May 15, 1992 (the "Redemption Date"), at a redemption price equal to 76.610% of the principal amount of the Bonds to be redeemed (the "Redemption Price").

OF THE BONDS TO BE REDEEMED, BONDS REPRESENTING AN AGGREGATE PRINCIPAL AMOUNT OF $53,501,000 HAVE BEEN DETERMINED TO BE ON DEPOSIT IN THE EUROCLEAR SYSTEM OR IN CENTRALE DE LIVRAISON DE VALEURS MOBILIERES S.A. THE CERTIFICATE NUMBERS OF SUCH BONDS HAVE BEEN COMMUNICATED DIRECTLY TO THE OPERATORS OF SUCH CLEARING SYSTEMS.

In addition to the Bonds held by the clearing systems mentioned in the preceding paragraph, the following Bonds have also been selected by the Fiscal Agent for redemption on the Redemption Date:

| | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 1 | 481 | 16874 | 17844 | 33844 | 34301 | 34734 | 35200 | 35872 | 36155 | 36847 | 37914 | 38346 | 38779 | 39278 | 44761 | 45262 | 54163 | 54785 | 55939 | 56430 | 56866 | 57345 | 57801 | 58298 | 96264 | 97234 | 97699 | 106189 | 107744 | 109211 | |
| 6 | 494 | 16883 | 17845 | 33846 | 34303 | 34737 | 35203 | 35874 | 36156 | 36848 | 37917 | 38350 | 38781 | 39279 | 44762 | 45266 | 54166 | 54760 | 55940 | 56433 | 56866 | 57347 | 57802 | 58300 | 96256 | 97236 | 97702 | 106193 | 107746 | 109215 | |
| 11 | 498 | 16884 | 17847 | 33854 | 34305 | 34738 | 35205 | 35877 | 36157 | 36849 | 37918 | 38352 | 38782 | 39280 | 44767 | 45271 | 54167 | 54764 | 55946 | 56434 | 56877 | 57348 | 57804 | 58305 | 96260 | 97239 | 97704 | 106194 | 107748 | 109218 | |
| 14 | 499 | 16886 | 17848 | 33855 | 34309 | 34745 | 35206 | 35878 | 36158 | 36853 | 37926 | 38358 | 38785 | 39284 | 44768 | 45273 | 54176 | 54770 | 56361 | 56436 | 56882 | 57350 | 57805 | 58308 | 96265 | 97240 | 97708 | 106195 | 107757 | 109222 | |
| 19 | 500 | 16887 | 17849 | 33856 | 34313 | 34754 | 35220 | 35882 | 36167 | 36858 | 37929 | 38359 | 38796 | 39285 | 44771 | 45274 | 54181 | 54780 | 55958 | 56439 | 56884 | 57354 | 57814 | 58312 | 96269 | 97245 | 97710 | 106198 | 107760 | 109223 | |
| 20 | 504 | 16888 | 17851 | 33857 | 34314 | 34755 | 35221 | 35883 | 36168 | 36859 | 37932 | 38361 | 38798 | 39287 | 44777 | 45276 | 54185 | 54783 | 55959 | 56440 | 56885 | 57357 | 57818 | 58314 | 96275 | 97246 | 97711 | 106199 | 107761 | 109225 | |
| 23 | 507 | 16884 | 17854 | 33865 | 34317 | 34759 | 35222 | 35885 | 36170 | 36863 | 37933 | 38363 | 38804 | 39290 | 44779 | 45279 | 54190 | 54786 | 55961 | 56441 | 56886 | 57358 | 57822 | 58318 | 96276 | 97249 | 97714 | 106201 | 107764 | 109228 | |
| 25 | 514 | 16896 | 17859 | 33867 | 34318 | 34760 | 35225 | 35688 | 36176 | 36865 | 37934 | 38371 | 38807 | 39292 | 44785 | 45280 | 54192 | 54787 | 55962 | 56442 | 56893 | 57361 | 57832 | 58321 | 96280 | 97257 | 97720 | 106202 | 107769 | 109233 | |
| 26 | 517 | 16905 | 17873 | 33868 | 34320 | 34764 | 35226 | 35693 | 36178 | 36867 | 37936 | 38372 | 38808 | 39294 | 44796 | 45281 | 54193 | 54788 | 55963 | 56445 | 56897 | 57365 | 57834 | 58323 | 96286 | 97263 | 97723 | 106205 | 107770 | 109235 | |
| 28 | 518 | 16909 | 17879 | 33869 | 34321 | 34767 | 35227 | 35695 | 36180 | 36868 | 37937 | 38373 | 38817 | 39297 | 44798 | 45282 | 54194 | 54789 | 55964 | 56453 | 56898 | 57366 | 57836 | 58326 | 96294 | 97264 | 97726 | 106206 | 107776 | 109236 | |
| 31 | 521 | 16916 | 17880 | 33874 | 34322 | 34769 | 35229 | 35701 | 36183 | 36870 | 37939 | 38376 | 38819 | 39307 | 44802 | 45295 | 54196 | 54796 | 55972 | 56455 | 56899 | 57367 | 57837 | 58329 | 96299 | 97272 | 97734 | 106209 | 107779 | 109239 | |
| 37 | 524 | 16919 | 17882 | 33877 | 34324 | 34770 | 35230 | 35702 | 36193 | 37473 | 37942 | 38378 | 38820 | 39308 | 44803 | 45306 | 54197 | 54800 | 55976 | 56460 | 56906 | 57369 | 57839 | 58335 | 96300 | 97273 | 97740 | 106213 | 107780 | 109240 | |
| 38 | 526 | 16929 | 17883 | 33879 | 34328 | 34772 | 35234 | 35703 | 36204 | 37479 | 37943 | 38381 | 38822 | 39309 | 44804 | 45307 | 54202 | 54802 | 55978 | 56464 | 56912 | 57370 | 57841 | 58337 | 96303 | 97274 | 97741 | 106217 | 107781 | 109241 | |
| 41 | 531 | 16938 | 17886 | 33882 | 34329 | 34773 | 35237 | 35704 | 36205 | 37480 | 37945 | 38382 | 38824 | 39313 | 44805 | 45309 | 54208 | 54803 | 55982 | 56468 | 56916 | 57371 | 57844 | 58338 | 96305 | 97279 | 97742 | 106218 | 107784 | 109247 | |
| 42 | 537 | 16937 | 17898 | 33884 | 34330 | 34774 | 35238 | 35707 | 36206 | 37481 | 37948 | 38387 | 38829 | 39314 | 44806 | 45310 | 54211 | 54809 | 55983 | 56470 | 56917 | 57372 | 57847 | 58340 | 96308 | 97280 | 97745 | 106230 | 107786 | 109248 | |
| [illegible] | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 406 | 879 | 17258 | 33759 | 34218 | 34660 | 35098 | 35592 | 36072 | 36564 | 37831 | 38255 | 38670 | 39188 | 44664 | 45171 | 45671 | 54679 | 55854 | 56338 | 56774 | 57272 | 57712 | 58198 | 96169 | 97144 | 97808 | 106098 | 107559 | 109127 | 171014 | |
| 407 | 880 | 17259 | 33761 | 34219 | 34666 | 35100 | 35594 | 36074 | 36569 | 37833 | 38259 | 38671 | 39189 | 44667 | 45178 | 45677 | 54683 | 55860 | 56343 | 56782 | 57275 | 57715 | 58200 | 96174 | 97149 | 97812 | 106100 | 107560 | 109128 | 171018 | |
| 409 | 882 | 17265 | 33762 | 34223 | 34668 | 35101 | 35599 | 36078 | 36571 | 37838 | 38260 | 38672 | 39191 | 44668 | 45180 | 45678 | 54686 | 55863 | 56348 | 56784 | 57277 | 57716 | 58205 | 96176 | 97156 | 97813 | 106101 | 107561 | 109130 | 171025 | |
| 413 | 884 | 17266 | 33764 | 34227 | 34669 | 35104 | 35602 | 36079 | 36574 | 37841 | 38264 | 38692 | 39197 | 44670 | 45181 | 45684 | 54688 | 55867 | 56352 | 56785 | 57278 | 57717 | 58206 | 96178 | 97160 | 97814 | 106107 | 107563 | 109133 | 173074 | |
| 417 | 886 | 17267 | 33765 | 34228 | 34671 | 35109 | 35606 | 36080 | 36578 | 37844 | 38267 | 38695 | 39203 | 44674 | 45182 | 45689 | 54690 | 55869 | 56361 | 56792 | 57281 | 57718 | 58207 | 96180 | 97162 | 97815 | 106110 | 107565 | 109136 | 173078 | |
| 418 | 893 | 17268 | 33768 | 34230 | 34675 | 35111 | 35607 | 36085 | 36580 | 37845 | 38273 | 38701 | 39210 | 44677 | 45188 | 45690 | 54694 | 55871 | 56362 | 56794 | 57283 | 57719 | 58208 | 96185 | 97163 | 97821 | 106117 | 107566 | 109139 | 173079 | |
| 419 | 1078 | 17282 | 33774 | 34232 | 34679 | 35114 | 35608 | 36087 | 36582 | 37846 | 38279 | 38706 | 39215 | 44678 | 45198 | 45700 | 54695 | 55879 | 56363 | 56795 | 57284 | 57720 | 58211 | 96189 | 97168 | 97823 | 106119 | 107571 | 109141 | 173084 | |
| 420 | 1081 | 17291 | 33775 | 34240 | 34680 | 35120 | 35610 | 36095 | 36584 | 37847 | 38281 | 38715 | 39216 | 44688 | 45199 | 45704 | 54700 | 55880 | 56365 | 56799 | 57286 | 57725 | 58214 | 96191 | 97171 | 97829 | 106120 | 107576 | 109142 | 173091 | |
| 423 | 1084 | 17297 | 33776 | 34242 | 34681 | 35124 | 35611 | 36100 | 36591 | 37851 | 38289 | 38720 | 39221 | 44695 | 45201 | 45716 | 54702 | 55881 | 56366 | 56802 | 57299 | 57728 | 58219 | 96193 | 97172 | 97833 | 106129 | 107581 | 109146 | 173092 | |
| 430 | 1088 | 17308 | 33781 | 34248 | 34682 | 35132 | 35616 | 36101 | 36594 | 37854 | 38292 | 38722 | 39223 | 44697 | 45204 | 45717 | 54703 | 55882 | 56368 | 56803 | 57300 | 57738 | 58220 | 96196 | 97174 | 97834 | 106127 | 107590 | 109149 | 173096 | |
| 431 | 1092 | 17310 | 33786 | 34249 | 34683 | 35133 | 35625 | 36107 | 36604 | 37855 | 38294 | 38724 | 39228 | 44701 | 45205 | 45719 | 54706 | 55883 | 56369 | 56811 | 57301 | 57739 | 58221 | 96197 | 97175 | 97844 | 106133 | 107591 | 109155 | 173098 | |
| 433 | 1097 | 17312 | 33787 | 34251 | 34686 | 35134 | 35627 | 36108 | 36608 | 37856 | 38296 | 38725 | 39234 | 44703 | 45206 | 45722 | 54707 | 55886 | 56370 | 56813 | 57304 | 57740 | 58228 | 96200 | 97177 | 97845 | 106137 | 107595 | 109157 | | |
| 439 | 1099 | 17313 | 33793 | 34252 | 34692 | 35138 | 35630 | 36109 | 36613 | 37861 | 38297 | 38730 | 39237 | 44706 | 45208 | 45723 | 54710 | 55890 | 56371 | 56815 | 57306 | 57741 | 58230 | 96201 | 97178 | 97847 | 106140 | 107598 | 109164 | | |
| 445 | 1106 | 17314 | 33797 | 34254 | 34698 | 35150 | 35631 | 36113 | 36614 | 37866 | 38306 | 38731 | 39240 | 44711 | 45210 | 45727 | 54711 | 55891 | 56374 | 56818 | 57310 | 57748 | 58231 | 96204 | 97181 | 97850 | 106144 | 107701 | 109165 | | |
| 447 | 16355 | 17315 | 33801 | 34255 | 34699 | 35152 | 35633 | 36119 | 36618 | 37867 | 38308 | 38739 | 39242 | 44718 | 45217 | 45728 | 54720 | 55896 | 56379 | 56820 | 57315 | 57761 | 58233 | 96209 | 97182 | 97852 | 106153 | 107706 | 109166 | | |
| 451 | 16836 | 17318 | 33802 | 34257 | 34700 | 35159 | 35636 | 36120 | 36623 | 37868 | 38313 | 38746 | 39243 | 44721 | 45222 | 45732 | 54722 | 55900 | 56383 | 56821 | 57316 | 57764 | 58236 | 96212 | 97189 | 97856 | 106156 | 107707 | 109168 | | |
| 458 | 16837 | 17319 | 33805 | 34258 | 34701 | 35160 | 35637 | 36121 | 36627 | 37869 | 38314 | 38754 | 39245 | 44722 | 45224 | 45735 | 54723 | 55901 | 56387 | 56822 | 57317 | 57766 | 58239 | 96213 | 97191 | 97861 | 106159 | 107710 | 109173 | | |
| 460 | 16849 | 17321 | 33807 | 34262 | 34704 | 35162 | 35638 | 36129 | 36628 | 37870 | 38316 | 38756 | 39246 | 44724 | 45230 | 45737 | 54726 | 55902 | 56394 | 56824 | 57319 | 57767 | 58245 | 96214 | 97194 | 97663 | 106160 | 107711 | 109174 | | |
| 461 | 16850 | 17322 | 33810 | 34263 | 34706 | 35166 | 35640 | 36136 | 36629 | 37875 | 38317 | 38757 | 39247 | 44726 | 45232 | 45742 | 54727 | 55904 | 56399 | 56825 | 57320 | 57770 | 58248 | 96217 | 97195 | 97664 | 106161 | 107715 | 109181 | | |
| 462 | 16852 | 17325 | 33815 | 34267 | 34709 | 35177 | 35646 | 36137 | 36633 | 37879 | 38318 | 38758 | 39250 | 44727 | 45236 | 45745 | 54731 | 55905 | 56400 | 56826 | 57321 | 57772 | 58249 | 96219 | 97196 | 97670 | 106163 | 107724 | 109183 | | |
| 464 | 16854 | 17332 | 33821 | 34268 | 34710 | 35182 | 35656 | 36139 | 36623 | 37883 | 38329 | 38759 | 39255 | 44733 | 45237 | 45747 | 54736 | 55911 | 56402 | 56833 | 57325 | 57774 | 58258 | 96224 | 97199 | 97671 | 106164 | 107726 | 109186 | | |
| 466 | 16856 | 17334 | 33824 | 34270 | 34711 | 35186 | 35657 | 36141 | 36627 | 37884 | 38332 | 38760 | 39260 | 44744 | 45238 | 45749 | 54737 | 55924 | 56407 | 56836 | 57329 | 57776 | 58259 | 96233 | 97202 | 97672 | 106172 | 107727 | 109187 | | |
| 471 | 16857 | 17831 | 33830 | 34285 | 34713 | 35188 | 35660 | 36144 | 36630 | 37889 | 38335 | 38761 | 39261 | 44749 | 45239 | 45751 | 54742 | 55927 | 56410 | 56840 | 57330 | 57780 | 58262 | 96234 | 97207 | 97676 | 106180 | 107729 | 109191 | | |
| 472 | 16861 | 17832 | 33833 | 34286 | 34716 | 35189 | 35661 | 36146 | 36632 | 37890 | 38337 | 38763 | 39262 | 44751 | 45241 | 54152 | 54744 | 55929 | 56416 | 56844 | 57335 | 57783 | 58263 | 96236 | 97208 | 97678 | 106182 | 107732 | 109197 | | |
| 476 | 16868 | 17835 | 33834 | 34288 | 34719 | 35191 | 35663 | 36148 | 36638 | 37893 | 38338 | 38765 | 39263 | 44754 | 45244 | 54157 | 54745 | 55930 | 56420 | 56853 | 57337 | 57785 | 58272 | 96237 | 97212 | 97681 | 106183 | 107733 | 109198 | | |
| 479 | 16866 | 17836 | 33835 | 34290 | 34720 | 35193 | 35664 | 36149 | 36639 | 37899 | 38339 | 38767 | 39266 | 44755 | 45245 | 54158 | 54749 | 55933 | 56423 | 56854 | 57338 | 57790 | 58284 | 96239 | 97216 | 97684 | 106185 | 107734 | 109199 | | |
| 484 | 16872 | 17838 | 33837 | 34292 | 34726 | 35195 | 35666 | 36152 | 36640 | 37303 | 38340 | 38776 | 39267 | 44759 | 45246 | 54159 | 54751 | 55934 | 56424 | 56855 | 57341 | 57796 | 58290 | 96242 | 97219 | 97683 | 106186 | 107736 | 109207 | | |
| 487 | 16873 | 17839 | 33841 | 34296 | 34728 | 35197 | 35671 | 36153 | 36845 | 37906 | 38345 | 38777 | 39271 | 44760 | 45255 | 54161 | 54753 | 55936 | 56429 | 56866 | 57345 | 57799 | 58293 | 96243 | 97232 | 97695 | 106187 | 107737 | 109209 | | |

On the Redemption Date, the Redemption Price will become due and payable upon each Bond to be redeemed in such coin or currency of the United States as at the time of payment is legal tender under United States laws for the payment of public and private debts. Amortization of original issue discount on the Bonds to be redeemed will cease to accrue on and after the Redemption Date. *Payment of the Redemption Price will be made on and after the Redemption Date upon presentation and surrender of the Bonds to be redeemed at the offices of any of the following paying agencies:*

**The Chase Manhattan Bank, N.A.**
*Municipal Bond Department*
4 Chase Metrotech Center, 3rd Floor
Brooklyn, NY 11245
Attn: John Phelan

**The Chase Manhattan Bank, N.A.**
Woolgate House
Coleman Street
London EC2P 2HD

**Chase Manhattan Bank Luxembourg S.A.**
5 Rue Plaetis
Luxembourg-Grund
Luxembourg

**Chase Manhattan Bank (Switzerland)**
Postfach 162, 8027
8022 Zurich
Switzerland

N.B. Presentations to
Chase Manhattan Bank (Switzerland)
should be directed to the
Operations Centre at 63 Rue du Rhone
P.O. Box 478, 1204 Geneva 3, Switzerland

It is required by the Internal Revenue Service that if you are a citizen of the United States you must provide your Social Security number when submitting Bonds for redemption.

**WHITMAN FINANCE CORPORATION N.V.**

By: The Chase Manhattan Bank, N.A.
as Fiscal Agent and Paying Agent

Dated: April 15, 1992

CHASE

Wells Fargo & Company

US$100,000,000
Floating rate subordinated notes due July 1997

*In accordance with the provisions of the notes, notice is hereby given that for the Interest Period 17 April, 1992 to 17 July, 1992 the notes will carry an Interest Rate of 4 3/8% per annum. Interest payable on the relevant interest payment date 17 July, 1992 will amount to US$110.59 per US$10,000 note and US$552.95 per US$50,000 note.*

Agent: Morgan Guaranty Trust Company

JPMorgan

NORWAY

The FT proposes to publish this survey on
June 23rd 1992.
The survey will be included with every copy of the FT on that day and will reach over 1 million readers in some 160 countries world wide. In Europe alone, research shows that 54% of Chief Executives of the largest Companies read the Financial Times.* To reach this important audience with your advertisement, please contact:
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*Data source:* EBRS 1991*

FT SURVEYS

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WOOLWICH BUILDING SOCIETY
£275,000,000
Floating Rate Notes
Due 1993

*(comprising £200,000,000 Floating Rate Notes due 1993 issued on 13th July 1988 (the 'Original Notes') and a further £75,000,000 Floating Rate Notes due 1993 issued on 28th August 1991, and, with effect from 17th October 1991 consolidated and forming a single series therewith).*

In accordance with the terms and conditions of the Notes, notice is hereby given that for the three month interest period from (and including) 21st April 1992 to (but excluding) 21st July 1992 the Notes will carry a rate of interest of 10% per cent. per annum. The relevant interest payment date will be 21st July 1992. The coupon amount per £10,000 will be £264.17 and per £100,000 principal amount of the Note will be £2,641.73 payable against surrender of Coupon No: 16.

Hambros Bank Limited
Agent Bank

NORTHERN ROCK BUILDING SOCIETY

£100,000,000
Floating Rate Notes
Due 1995

Interest Rate:
10.625% per annum

Interest Period:
21st April, 1992 to
21st July, 1992

Interest Amount per
£5,000 Note due
21st July, 1992: £132.09

Interest Amount per
£50,000 Note due
21st July, 1992: £1,320.87

Agent Bank
Baring Brothers & Co., Limited

# Worcester shareholders at odds with Takeover Panel

By Maggie Urry and Norma Cohen

ANGRY INVESTORS in Worcester Group, the manufacturer of central heating boilers, are considering a complaint to the Takeover Panel about the terms of an agreed bid for the company which they claim gives management a better deal than they will receive.

Shareholders say they will argue that the first general principle of the Takeover Code states that "all shareholders of the same class of an offeree company must be treated similarly by the offeror".

They also feel that management could have obtained a better price from another bidder.

The dispute raises questions about directors' obligations to shareholders even when industrial logic renders an offer in the best long-term interests of a company and its employees.

Shareholders receiving cash for their shares have no interest in a company's long-term prospects following a takeover.

Worcester had been in talks with Robert Bosch, the German automotive components, telecommunications and appliances group, for more than a year. It had terminated preliminary conversations with other potential buyers who could not have offered the same long-term growth prospects or security to employees.

Worcester's management and their families control 38.4 per cent of the company's shares. They have accepted the Bosch offer, which will give shareholders 225p per share in cash.

Also, institutional shareholders representing 13 per cent of Worcester's shares have given commitments to tender their shares at the agreed price.

In exchange for their shares, management will receive shares in the new subsidiary of Bosch. Its stake will then be bought out in 1996 at a price dependent on the performance of Worcester of up to 393½p, and not less than 100p.

The Panel said it had looked at the offer carefully before it was announced and it was satisfied that the offer to management was not worth more than the cash offer.

It said it was unusual, but constitutionally possible, for shareholders to appeal against a decision by the executive of the Panel.

However, the Panel repeated that it was satisfied by the arguments put to it by Bosch and Worcester that shareholders were not being unfairly treated in the offer.

However, shareholders argue that the Panel has only considered arguments from the two parties interested in consummating the deal and that their views should also be heard.

Under rule 16 of the Takeover Code the management of a company could keep a stake in a business when it was taken over so long as there were risks as well as rewards attached to the retained holding.

JO Hambro Magan, which is acting for Bosch in the bid, said that more than 50 per cent of shareholders regarded the price as fair and had accepted.

Corporate financiers said that it was difficult for minority shareholders to exert much power once a bidder had more than 50 per cent. "It takes a brave institution to accept the position of a minority holder, especially in a subsidiary of a private German company," said one.

Merchant bankers said that other possible buyers of Worcester had been put off because they regarded the Bosch bid as a *fait accompli*.

# Andersen attacks writ over Magnet buy-out

By Andrew Jack

ARTHUR ANDERSEN, the accountancy firm, yesterday strongly rejected charges in a writ issued against it for its role as adviser to the £629m management buy-out of Magnet, the kitchen retailer, in 1989.

Mr Roy Chapman, managing partner, said: "The claim borders on fantasy. This is yet another case of those having lost money in a high-risk venture turning to accountants for restitution."

The comments follow confirmation from Bankers' Trust, the lead financiers to the Magnet deal, that it had launched legal action against the firm at the start of April on behalf of the creditors and shareholders of Airedale Holdings, the name by which Magnet is now known.

The troubled MBO, one of the largest which had taken place in the UK at that time, was delayed by resistance from shareholders and then ran into difficulty with the banks, who found themselves unable to syndicate their exposure to financing the deal.

The Bankers Trust action is for an unspecified amount.

# EIS moves ahead to £14.4m and expects further advance

By Angus Foster

EIS GROUP has extended its record of continuous profit and dividend growth to 21 years and predicted another improvement in 1992.

The specialist engineer reported pre-tax profits ahead by 7 per cent to £14.4m in 1991. This was in line with expectations and with the interim results when profits rose by 6 per cent to £7.06m.

Mr Peter Haslehurst, chief executive, said conditions remained tough. "But we're budgeting for an improvement this year and we're happy to say we achieved our budget in the first quarter," he said.

Turnover increased to £190m (£178m) of which 52 per cent (48 per cent) was generated overseas. Interest receivable grew to £1.74m (£1.21m) as net cash at the year end increased to £13m, thanks to last year's £18m rights issue.

Flexibox, the seals and transmission couplings subsidiary, lifted pre-tax profits to £4.67m (£4.19m).

Pre-tax profits of the aircraft engineering division fell to £2.92m (£3.09m). Mr Haslehurst said that was entirely caused by a cost overrun on an unnamed, sizeable project.

Process equipment, which includes a range of vacuum pumps, suffered from price competition but increased pre-tax profits 11 per cent to £4.41m due to reduced costs.

Capital expenditure fell to £6.9m (£7.7m). However, this reflected price reductions rather than lower investment levels, Mr Haslehurst said.

Staff numbers were reduced by 350 to 3,850, leading to restructuring costs of about £750,000.

Earnings per share fell to 28.526p (28.769p adjusted for the rights). A recommended final dividend of 8.525p makes a total of 11.7p (11.4p).

**● COMMENT**

The market forgave EIS' unfortunate cost overrun in its aircraft division, concentrating instead on the company's well-regarded management and ability to cope with costs. The shares gained 8p against the trend to 394p, helped by optimistic noises about the outlook and by news that capacity has been increased at Davall Moulded Gear, the precision gear system maker. But while EIS has proved it can handle recession, most of its businesses will be late beneficiaries of the upturn. Davall should come out early, in line with business machines, but aircraft engineering and the process equipment's vacuum range are still some way off. On that assessment, forecast profits this year of £15m put the shares on just over 14 times earnings and suggest they are well valued. The rating is slightly ahead of its sector, but the premium is underwritten by EIS's 21-year record.

## DIVIDENDS ANNOUNCED

| | | Current payment | Date of payment | Corres - ponding dividend | Total for year | Total last year |
|---|---|---|---|---|---|---|
| EIS | fin | 8.525 | July 9 | 8.375 | 11.7† | 11.4 |
| Greenacre § | fin | 0.125 | June 26 | 0.125 | 0.25 | 0.225 |
| Keystone Inv | int | 5 | June 9 | 4 | - | 14 |
| B&M Extra Income | int | 1.9688☆ | June 5 | 1.9688 | - | 6.74125 |
| Ropner | fin | 4.75 | July 2 | 4.75 | 8.25 | 8.25 |

Dividends shown pence per share net except where otherwise stated. †On increased capital. §USM stock. ☆Second interim making 3.938p (2.804p) to date.

# MB-Caradon plans changes to board pay structure

By Maggie Urry

MB-CARADON, the building products, security printing and packaging group, is to ask shareholders for authority to double the amount it can pay non-executive directors.

A resolution will be put to them at the annual meeting on May 14.

At present the group is allowed to spend up to £100,000 a year on employing non-executive directors. It currently has five, including the chairman, and is close to the £100,000 limit which the group said was a restraint. It wants to move to a limit of £200,000 though it does not expect to reach that for some years.

Mr Antony Hichens, chairman, received £50,096 in 1991 – up from £36,255 in 1990, according to the group's accounts which were published yesterday. Three other non-executives appeared to have been paid between £15,001 and £20,000. A new non-executive director has been appointed to replace one who will retire at the annual meeting.

Executive directors of the group suffered a pay cut in 1991 because part of their remuneration was bonus related to growth in earnings per share. Earnings for the year were unchanged at 15p on a fully diluted basis. The highest paid director who is not named but is understood not to be either Mr Peter Jansen, group chief executive, or Mr Daniel Cohen, group finance director, received £223,000. In 1990 Mr Jansen was the highest paid with £256,000.

The group is to also ask shareholders to approve a plan to cancel the £161.6m share premium account and transfer it to a capital reserve against which goodwill arising on acquisitions can be written off.

There is £88.8m of goodwill shown in the balance sheet as a negative reserve which would be written off if the plan goes through. The change would not affect the group's net assets.

# Clayhithe lifts Horstmann stake to 64%

Clayhithe, the investment company, has increased its interest in Horstmann Group from 41.3 per cent to 63.7 per cent by purchasing a further 527,550 shares under the terms of an offer made last October.

Cost of the latest purchase was £923,213, bringing the total investment to £2.47m. Clayhithe made its first investment in mid-1987.

Horstmann makes timers and controls for the domestic heating market. In the year to March 31 1992 it is expected to improve substantially on the previous year which showed a pre-tax loss of £165,000.

# Aran buys N Sea oil stake

By Vincent Boland in Dublin

ARAN ENERGY Exploration, the UK subsidiary of Aran Energy, the Dublin-based oil company, is paying $26.4m (£14.9m) for a one-third interest in North Sea Block 211/24a from the UK arm of Chevron.

The acquisition includes Chevron's 14.38 per cent stake in the Dunlin oilfield and its associated share of the Brent pipeline system.

Aran said the consideration may be reduced "to take account of the resolution of outstanding commercial issues which may result in additional economic benefits" to the company, but that in any event the final price would be not less than $19m.

Mr Michael Whelan, Aran's chief executive, said he could not detail what those benefits would be. However, the full price of $26.4m will be paid only if those benefits accrue to Aran.

The acquisition gives Aran access to 11m barrels of oil in the Dunlin field from remaining proven recoverable reserves of 52.4m barrels at July 1 1992. Production from the field in the second half of 1992 is expected to be 22,500 barrels of oil per day, of which Aran will have 4,740 bpd.

The field is operated by Shell UK and the platform facilities are also used by the nearby Osprey field on a tariff basis.

The transaction is conditional on the waiving of pre-emption rights by the other participants in the block within 60 days and on regulatory clearance in the UK.

Aran does not expect the transaction to be completed before June 28.

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APPLICATION FORMS MUST BE SENT TO THE BANK OF ENGLAND, NEW ISSUES, PO BOX 444, GLOUCESTER, GL1 1NP TO ARRIVE NOT LATER THAN 10.00 A.M. ON WEDNESDAY, 29TH APRIL 1992; OR LODGED BY HAND AT THE CENTRAL GILTS OFFICE, BANK OF ENGLAND, BANK BUILDINGS, 19 OLD JEWRY, LONDON NOT LATER THAN 10.00 A.M. ON WEDNESDAY, 29TH APRIL 1992; OR LODGED BY HAND AT ANY OF THE BRANCHES OR AGENCIES OF THE BANK OF ENGLAND NOT LATER THAN 3.30 P.M. ON TUESDAY, 28TH APRIL 1992.

## ISSUE OF £2,500,000,000

## 8¾ per cent TREASURY STOCK, 2017

### FOR AUCTION ON A BID PRICE BASIS

PAYABLE AS FOLLOWS:

| | |
|---|---|
| Payment on application: | |
| with a competitive bid | Price bid less £70 per cent |
| with a non-competitive bid | £30 per cent |
| Balance of purchase money: | |
| On Tuesday, 26th May 1992 | £40 per cent |
| On Monday, 22nd June 1992 | £30 per cent |

INTEREST PAYABLE HALF-YEARLY ON 25TH FEBRUARY AND 25TH AUGUST

*This Stock will, on issue, be an investment falling within Part II of the First Schedule to the Trustee Investments Act 1961. Application has been made to the Council of The International Stock Exchange for the Stock to be admitted to the Official List on 30th April 1992.*

1. THE GOVERNOR AND COMPANY OF THE BANK OF ENGLAND invite bids for the above Stock.

2. The principal of and interest on the Stock will be a charge on the National Loans Fund, with recourse to the Consolidated Fund of the United Kingdom.

3. The Stock will be repaid at par on 25th August 2017.

4. The Stock will be registered at the Bank of England or at the Bank of Ireland, Belfast, and will be transferable, in multiples of one penny, by instrument in writing in accordance with the Stock Transfer Act 1963. Stock registered at the Bank of England held for the account of members of the Central Gilts Office (CGO) Service will also be transferable, in multiples of one penny, by exempt transfer in accordance with the Stock Transfer Act 1982 and the relevant subordinate legislation. Transfers will be free of stamp duty.

5. Interest will be payable half-yearly on 25th February and 25th August. Income tax will be deducted from payments of more than £5 per annum. Interest will accrue from Thursday, 30th April 1992 and the first interest payment will be made on 25th August 1992 at the rate of £2.1744 per £100 of the Stock.

6. The Stock may be held on the National Savings Stock Register.

7. The Stock and the interest payable thereon will be exempt from all United Kingdom taxation, present or future, so long as it is shown that the Stock is in the beneficial ownership of persons who are neither domiciled nor ordinarily resident in the United Kingdom of Great Britain and Northern Ireland.

8. Further, the interest payable on the Stock will be exempt from United Kingdom income tax, present or future, so long as it is shown that the Stock is in the beneficial ownership of persons who are not ordinarily resident in the United Kingdom of Great Britain and Northern Ireland.

9. For the purposes of the preceding paragraphs, persons are not ordinarily resident in the United Kingdom if they are regarded as not ordinarily resident for the purposes of United Kingdom income tax.

10. Applications for exemption from United Kingdom income tax should be made in such form as may be required by the Commissioners of Inland Revenue. The appropriate forms may be obtained from the Inspector of Foreign Dividends, Inland Revenue, Lynwood Road, Thames Ditton, Surrey, KT7 0DP.

11. These exemptions will not entitle a person to claim repayment of tax deducted from interest unless the claim to such repayment is made within the time limit provided for such claims under income tax law; under the provisions of the Taxes Management Act 1970, Section 43 (1), no such claim will be outside this time limit if it is made within six years from the date on which the interest is payable. In addition, these exemptions will not apply so as to exclude the interest from any computation for taxation purposes of the profits of any trade or business carried on in the United Kingdom. Moreover, the allowance of the exemptions is subject to the provisions of any law, present or future, of the United Kingdom directed to preventing avoidance of taxation by persons domiciled, resident or ordinarily resident in the United Kingdom, and, in particular, the interest will not be exempt from income tax where, under any such provision, it falls to be treated for the purpose of the Income Tax Acts as income of any person resident or ordinarily resident in the United Kingdom.

**Method of Application**

12. Bids may be made on either a competitive or a non-competitive basis, as set out below, and must be submitted on the application form published with this prospectus. Each application form must comprise either one competitive bid or one non-competitive bid. Separate arrangements have been made under which gilt-edged market makers may make competitive bids by telephone to the Bank of England not later than 10.00 a.m. on Wednesday, 29th April 1992.

13. Application forms must be sent to the Bank of England, New Issues, PO Box 444, Gloucester, GL1 1NP to arrive not later than 10.00 A.M. ON WEDNESDAY, 29TH APRIL 1992; or lodged by hand at the Central Gilts Office, Bank of England, Bank Buildings, 19 Old Jewry, London not later than 10.00 A.M. ON WEDNESDAY, 29TH APRIL 1992; or lodged by hand at any of the Branches or Agencies of the Bank of England not later than 3.30 P.M. ON TUESDAY, 28TH APRIL 1992. Bids will not be revocable between 10.00 a.m. on Wednesday, 29th April 1992 and 10.00 a.m. on Tuesday, 5th May 1992.

14. Each bid must be for a minimum amount and in a multiple of Stock as follows:-

| *Amount of Stock applied for* | *Multiple* |
|---|---|
| Competitive bids (minimum £500,000) | |
| £500,000-£1,000,000 | £100,000 |
| £1,000,000 or greater | £1,000,000 |
| Non-competitive bids (minimum £1,000) | |
| £1,000-£10,000 | £1,000 |
| £10,000-£50,000 | £5,000 |
| £50,000-£500,000 | £25,000 |

15. COMPETITIVE BIDS

(i) Each competitive bid must be for one amount and at one price expressed as a multiple of 1/32nd of £1 and must be for a minimum of £500,000 nominal of Stock.

(ii) Unless the applicant is a member of the CGO Service, a separate cheque representing the PAYMENT DUE ON APPLICATION, i.e. THE PRICE BID LESS £70 FOR EVERY £100 NOMINAL OF STOCK BID FOR, must accompany each competitive bid. Cheques must be drawn on a branch or office, situated within the Town Clearing area, of a settlement member of CHAPS and Town Clearing Company Limited.

(iii) The Bank of England reserve the right to reject any competitive bid or part of any competitive bid. Competitive bids will be ranked in descending order of price and Stock will be sold to applicants whose competitive bids are at or above the lowest price at which the Bank of England decide that any competitive bid should be accepted (the lowest accepted price). APPLICANTS WHOSE COMPETITIVE BIDS ARE ACCEPTED WILL PURCHASE STOCK AT THE PRICES WHICH THEY BID: competitive bids which are accepted and which are made at prices above the lowest accepted price will be satisfied in full; competitive bids which are accepted and which are made at the lowest accepted price may be satisfied in full or in part only.

16. NON-COMPETITIVE BIDS

(i) A non-competitive bid must be for not less than £1,000 nominal and not more than £500,000 nominal of Stock, and must be in one of the multiples described in paragraph 14 above.

(ii) Only one non-competitive bid may be submitted for the benefit of any one person. Multiple applications or suspected multiple applications are liable to be rejected.

(iii) Unless the applicant is a member of the CGO Service, a separate cheque representing a PAYMENT AT THE RATE OF £30 FOR EVERY £100 NOMINAL OF STOCK APPLIED FOR must accompany each non-competitive bid; cheques must be drawn on a bank in, and be payable in, the United Kingdom, the Channel Islands or the Isle of Man.

(iv) The Bank of England reserve the right to reject any non-competitive bid. Non-competitive bids which are accepted will be accepted in full AT A PRICE (the non-competitive sale price) EQUAL TO THE AVERAGE OF THE PRICES AT WHICH COMPETITIVE BIDS HAVE BEEN ACCEPTED, the average being weighted by reference to the amount accepted at each price and ROUNDED DOWN TO THE NEAREST MULTIPLE OF 1/32ND OF £1.

(v) If the non-competitive sale price is less than £100 per cent, the amount by which the amount paid on application exceeds the non-competitive sale price less £70 per cent will be refunded by cheque despatched by post at the risk of the applicant.

(vi) If the non-competitive sale price is greater than £100 per cent, applicants whose non-competitive bids are accepted may be required to make a further payment equal to the non-competitive sale price less £100 for every £100 nominal of Stock allocated to them. An applicant from whom a further payment is required will be notified by letter by the Bank of England of the amount of Stock allocated to him and of the further payment due, but such notification will confer no right on the applicant to transfer the amount of Stock so allocated. The despatch of allotment letters to applicants from whom a further payment is required will be delayed until such further payment has been made.

17. The Bank of England may sell to applicants less than the full amount of the Stock.

18. The Stock will initially be issued to the Bank of England at a price such that it will not be a deep discount security for the purposes of Schedule 4 to the Income and Corporation Taxes Act 1988. Further issues of Stock under this prospectus may be at a deep discount (broadly, a discount exceeding ½ per cent per annum) and in certain circumstances this could result in all the Stock issued under this prospectus being treated thereafter as a deep discount security. However, it is the intention of Her Majesty's Treasury that further issues of Stock under this prospectus will be conducted so as to prevent any of the Stock being treated as a deep discount security for United Kingdom tax purposes. Provided the Stock is neither a deep discount security, nor treated as a deep discount security, any discount to the nominal value at which the Stock is issued will not represent taxable income for the purposes of the relevant provisions.

19. Letters of allotment in respect of the Stock sold, being the only form in which the Stock (other than amounts held in the CGO Service for the account of members) may be transferred prior to registration, will be despatched by post at the risk of the applicant, but the despatch of any letter of allotment, and any refund of the balance of the amount paid on application, may at the discretion of the Bank of England be withheld until the applicant's cheque has been paid. In the event of such withholding, the applicant will be notified by letter by the Bank of England of the acceptance of his application and of the amount of Stock allocated to him, subject in each case to the payment of his cheque, but such notification will confer no right on the applicant to transfer the Stock so allocated.

20. No sale will be made of a less amount than £1,000 Stock. If an application is satisfied in part only, the balance of the amount paid on application will, when refunded, be remitted by cheque despatched by post at the risk of the applicant; if an application is rejected the amount paid on application will be returned likewise.

21. Letters of allotment may be split into denominations of multiples of £100 on written request to the Bank of England, New Issues, Southgate House, Southgate Street, Gloucester, GL1 1UW received not later than 18th June 1992. Such requests must be signed and must be accompanied by the letters of allotment (but a letter cannot be split if any payment is overdue).

22. Subject to the provisions governing membership of the CGO Service, a member of that Service may, by completing Section D of the application form, request that any Stock sold to him be credited direct to his account in the CGO on Thursday, 30th April 1992 by means of a member-to-member delivery from an account in the name of the Governor and Company of the Bank of England, Number 2 Account. Failure to accept such delivery by the deadline for member-to-member deliveries under the rules of the CGO Service on 30th April 1992 shall for the purposes of this prospectus constitute default in due payment of the amount payable on application in respect of the relevant Stock. A member of the CGO Service may also, subject to the provisions governing membership of that Service, surrender a partly-paid letter of allotment to the CGO for cancellation and for the Stock comprised therein to be credited to the member's account. The member who is shown by the accounts of the CGO as being entitled to any Stock shall, to the exclusion of all persons previously entitled to such Stock and any person claiming any entitlement thereto, both be treated as entitled to such Stock as if that member were the holder of a letter of allotment and be liable for the payment of any amount due in respect of such Stock. A member will be entitled at any time prior to registration to withdraw, in multiples of £100, Stock credited to the member's account and to obtain a partly-paid letter of allotment comprising such Stock, and such member shall be liable for the payment of all amounts becoming due thereafter in respect of such Stock unless and until that letter of allotment is surrendered to the CGO for cancellation as aforesaid.

23. The Stock will be issued and sold partly-paid, with a call of £40 per cent payable on 26th May 1992 and a final instalment of £30 per cent payable on 22nd June 1992. Payment of the call and the final instalment must be sent to the Bank of England, New Issues, Southgate House, Southgate Street, Gloucester, GL1 1UW. Payment in full may be made at any time after sale but no discount will be allowed on such payment. Interest may be charged on a day-to-day basis on any overdue amount which may be accepted at a rate equal to the London Inter-Bank Offered Rate for seven day deposits in sterling ("LIBOR") plus 1 per cent per annum. Such rate will be determined by the Bank of England by reference to market quotations, on the due date for such payment, for LIBOR obtained from such source or sources as the Bank of England shall consider appropriate. Default in due payment of any amount in respect of the Stock will render such Stock and any amount previously paid liable to forfeiture. Letters of allotment must be surrendered for registration, accompanied by a completed registration form, when the balance of the purchase money is paid, unless payment in full has been made before the due date, in which case they must be surrendered for registration not later than 22nd June 1992; in the case of Stock held for the account of members of the CGO Service payment of the call and the final instalment and registration of Stock will be effected under separate arrangements.

24. Application forms and copies of this prospectus may be obtained by post from the Bank of England, New Issues, Southgate House, Southgate Street, Gloucester, GL1 1UW; at the Central Gilts Office, Bank of England, 1 Bank Buildings, Princes Street, London, EC2R 8EU or at any of the Branches or Agencies of the Bank of England; at the Bank of Ireland, Moyne Buildings, 1st Floor, 20 Callender Street, Belfast, BT1 5BN; or at any office of The International Stock Exchange in the United Kingdom.

*Government Statement*

Attention is drawn to the statement issued by Her Majesty's Treasury on 29th May 1985 which explained that, in the interest of the orderly conduct of fiscal policy, neither Her Majesty's Government nor the Bank of England or their respective servants or agents undertake to disclose tax changes decided on but not yet announced, even where they may specifically affect the terms on which, or the conditions under which, this Stock is issued or sold by or on behalf of the Government or the Bank; that no responsibility can therefore be accepted for any omission to make such disclosure; and that such omission shall neither render any transaction liable to be set aside nor give rise to any claim for compensation.

BANK OF ENGLAND
LONDON

21st April 1992

### APPLICATION FORM

This form must be sent to the Bank of England, New Issues, PO Box 444, Gloucester, GL1 1NP to arrive not later than 10.00 A.M. ON WEDNESDAY, 29TH APRIL 1992; or lodged at the Central Gilts Office, Bank of England, Bank Buildings, 19 Old Jewry, London not later than 10.00 A.M. ON WEDNESDAY 29TH APRIL 1992; or lodged at any of the Branches or Agencies of the Bank of England not later than 3.30 P.M. ON TUESDAY, 28TH APRIL 1992.

## ISSUE OF £2,500,000,000

## 8¾ per cent Treasury Stock, 2017

### FOR AUCTION ON A BID PRICE BASIS

TO THE GOVERNOR AND COMPANY OF THE BANK OF ENGLAND

*I/We apply in accordance with the terms of the prospectus dated*

21st April 1992 as follows-

**SECTION A** THIS SECTION TO BE COMPLETED BY ALL APPLICANTS

Nominal amount of above-mentioned Stock applied for, which must be for a minimum amount and in a multiple as follows:-

| *Amount of Stock applied for* | *Multiple* |
|---|---|
| Competitive bids (minimum £500,000) | |
| £500,000-£1,000,000 | £100,000 |
| £1,000,000 or greater | £1,000,000 |
| Non-competitive bids (minimum £1,000) | |
| £1,000-£10,000 | £1,000 |
| £10,000-£50,000 | £5,000 |
| £50,000-£500,000 | £25,000 |

BOX 1 NOMINAL AMOUNT OF STOCK APPLIED FOR £

**SECTION B** FOR COMPETITIVE BIDS ONLY (i.e. for Stock to be purchased at the price bid)

Price bid per £100 nominal of Stock, being a multiple of 1/32nd of £1:-

BOX 2 PRICE BID

| £ | 32nds |
|---|---|
| | |

Amount of initial payment enclosed, being equal to the PRICE BID (shown in Box 2) LESS £70 for every £100 NOMINAL of Stock applied for (shown in Box 1 in Section A):-

BOX 3 AMOUNT PAID (a) £

**SECTION C** FOR NON-COMPETITIVE BIDS ONLY (i.e for Stock to be purchased at the non-competitive sale price as defined in the prospectus)

Amount of initial payment enclosed, being £30 (b) for every £100 NOMINAL of Stock applied for (shown in Box 1 in Section A):-

BOX 4 AMOUNT PAID (a) £

**SECTION D** THIS SECTION TO BE COMPLETED BY CGO MEMBERS ONLY

CGO PARTICIPANT NUMBER.................Telephone number.................

Name of contact.................

**SECTION E** THIS SECTION TO BE COMPLETED BY ALL APPLICANTS

I/We hereby engage to pay the balance of the purchase money when it becomes due in respect of any Stock which may be sold to me/us pursuant to this application, as provided by the said prospectus.

I/We request that any letter of allotment in respect of Stock sold to me/us be sent by post at my/our risk to me/us at the address shown below.

IN THE CASE OF A NON-COMPETITIVE APPLICATION, I/we warrant that to my/our knowledge this is the only non-competitive application made for my/our benefit (or for the benefit of the persons on whose behalf I am/we are applying).

IN THE CASE OF AN APPLICATION BY A MEMBER OF THE CGO SERVICE WHO HAS COMPLETED SECTION D, we request that any Stock allotted to us be credited direct to our account at the Central Gilts Office. We hereby irrevocably undertake to accept such Stock by member-to-member delivery through the Central Gilts Office Service from the Governor and Company of the Bank of England, Number 2 Account (Participant number 5183) by the deadline for such deliveries on 30th April 1992, and we agree that the consideration to be input in respect of such delivery shall be the amount payable by us on the allotment of such Stock in accordance with the terms of the prospectus.

SIGNATURE(S).................
of, or on behalf of, applicant

Date.................

| PLEASE USE BLOCK LETTERS | MR/MRS MISS/MS | FORENAME(S) IN FULL | SURNAME |
|---|---|---|---|
| | FULL POSTAL ADDRESS:- | | |
| | POST-TOWN | COUNTY | POSTCODE |

FT

(a) A separate cheque must accompany each application. Cheques should be made payable to "Bank of England" and crossed "New Issues". In respect of competitive bids, cheques must be drawn on a branch or office, situated within the Town Clearing area, of a settlement member of CHAPS and Town Clearing Company Limited. In respect of non-competitive bids, cheques must be drawn on a bank in, and be payable in, the United Kingdom, the Channel Islands or the Isle of Man.

(b) *The procedure for any refund, or further amount payable, is set out in the prospectus*

## COMMODITIES AND AGRICULTURE

# Canadian find sparks off airborne diamond rush

By Kenneth Gooding, Mining Correspondent

THE BIGGEST rush to stake mining claims in the history of the North American industry is going on at Lac de Gras in Canada's Northwest Territories. Causing all the excitement are 81 small diamonds, each less than 2 mm in diameter but some of gem quality, found in a kimberlite pipe about 300 km (185 miles) north-east of the city of Yellowknife.

At least 22,800 sq km (8,900 square miles) has been staked around the first discovery and hundreds of claims are still outstanding.

Stakers are using helicopters because each claim area is so large – more than 1,000 hectares (2,500 acres) in most cases. A device fitted to the helicopter gives a constant reading of longitude and latitude and when a pre-determined site is found the helicopter lands, allowing a crew member to jump out and hammer in a claim post.

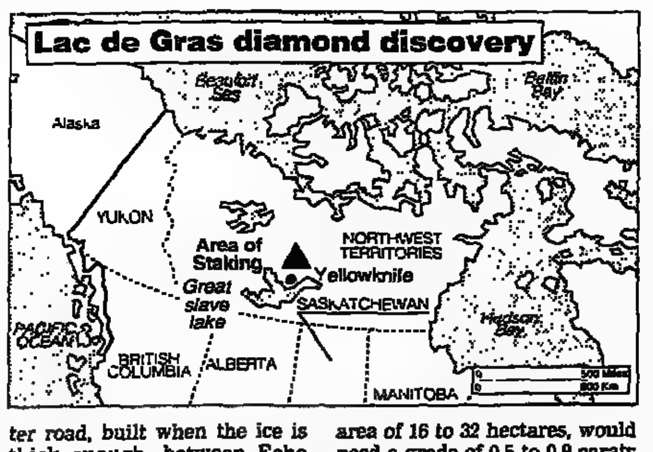
The Northern Miner, Canada's mining newspaper, reports, however, that so great is the rush that many of the posts are being dropped from above and will be secured only after the spring thaw.

The claim rush, said by some observers even to outdo the Yukon gold days at the end of the 19th century, is being caused by a peculiarity of geology. Kimberlite pipes usually occur in clusters of ten to 40 spread over an area of 100 sq km or more. So there is every chance that the main diamond bonanza could be well outside the area where the first stones were found.

The diamonds were in a 140 m (465 ft) length of core drilled by a joint venture owned by BHP, Australia's biggest corporation, and a Canadian junior exploration company called Dia Met Minerals.

Significantly, among those to have rushed to the area is Monopros, the Canadian exploration arm of De Beers, the South African group which controls 80 per cent of the world's trade in rough (uncut) diamonds.

The Northern Miner reports that the joint venturers have transported 200 tonnes of material from Lac de Gras for testing. Ten trucks carried the material along the 580 km winter road, built when the ice is thick enough, between Echo Bay's Lupin gold mine and Yellowknife, capital of the Northwest Territories. This road runs half a mile from the diamond discovery.



Sampling is being carried out at Dia Met's 80 tonnes a day diamond recovery plant near Fort Collins in Colorado. The company estimates that, after some fine tuning, recovery rates will be about 99 per cent.

Analysts suggest that to be economic the kimberlite pipe, estimated to have a surface area of 16 to 32 hectares, would need a grade of 0.5 to 0.9 carats a tonne (1 carat equals 200 milligrams) with diamond quality of $50 a carat. Sampling will indicate the ratio of industrial to gem quality diamonds. Industrial diamonds, which also can be made synthetically, fetch only about $1.3 a carat.

BHP has decided to double its annual spending on the Lac de Gras property to C$2m (£960,000). To earn a 51 per cent interest, the Australian group has also agreed to finance a feasibility study and arrange production financing of up to C$500m.

Mr Vincent Pisani, analyst at Potter Warburg, the Sydney stockbroker, points out in the latest S.G. Warburg International Mining Outlook, that the Lac de Gras venture is not the only one providing diamond exploration excitement in North America. In Saskatchewan, four or five companies are working in the Prince Albert area. At Fort-La-Corne, Cameco and Uranerz Mining report that 160 microdiamonds have been recovered from 15 separate kimberlite pipes. But, at an average of 2 carats a tonne, the grade is uneconomic. There is also exploration in Northern Alberta and Ontario in the Attwapiskat River area.

Ashton Mining, the Australian group that owns 40 per cent of the world's biggest diamond mine (in weight terms) at Argyle in the Kimberley district of Western Australia, is committing 30 per cent of its US$5m diamond exploration budget over the next three years to the Great Lakes project located south of Lake Superior and west of Lake Michigan in the states of Michigan and Wisconsin.

Exploration there revealed a cluster of kimberlitic pipes bearing microdiamonds and these are being tested for commercial potential. Ashton is earning a 51 per cent interest in the project from a junior company called Crystal Mining. Early work was carried out by Dow Chemical and it also retains an interest.

Ashton believes that Great Lakes has the potential to be a world-class diamond deposit.

However, Northern Miner adds some words of caution. It points out that there have been several diamond finds in the US but only one, the Crater of Diamonds State Park in Arkansas, ever reached production.

This is not surprising as, in order for diamonds to remain intact and not covert to graphite or carbon dioxide, they must be brought to the surface from depths of 160 km or more at speeds of 8 to 32 kph as the kimberlite/lamproite magma reaches the surface.

Consequently, although there are more than 3,000 known kimberlite deposits in the world, fewer than 1,000 carry any diamonds and only 50 to 60 have ever proved economic.

# Canadian company acquires S African platinum prospect

By Bernard Simon in Toronto

INTERNATIONAL Platinum, a Canadian exploration company that has so far confined its efforts to North America, has acquired control of a platinum prospect in South Africa.

IP is buying Jamestone Exploration, the main shareholder in which is Mr James Hamilton, a South African geologist. Mr Jamestone has in turn exercised an option on a property previously held by Britain's RTZ, near the Northam platinum mine in the western Transvaal.

Mr Glen Varty, IP's president, said that IP is now looking for a partner to carry out further drilling work on the property.

Part of the funds for the exploration work will come from the proceeds of a recent C$305,000 (£150,000) private placement, which has resulted in an Australian company, Turnbull Doyle Resources of Melbourne, acquiring a 20 per cent stake in IP.

The chairman of Turnbull Doyle is Mr Neville Wran, who was premier of New South Wales from 1976 to 1986.

IP, which is listed on the Toronto stock exchange and on Nasdaq, has nine platinum exploration properties in Canada and the US state of Michigan. But Mr Varty said that with the improved political situation in South Africa, "it's attractive to be back down there".

# Iraqi farmers offered 200% grain price rises

IRAQ, FACING the certainty of an even smaller harvest than last year, is raising government prices for wheat and barley by up to 200 per cent to stop farmers selling to private buyers, reports Reuter from Baghdad.

The government announced it would pay farmers D2,250 (£1,320) dinars a tonne for wheat, compared with D800 last year, and D1,500 a tonne for barley, up from D500.

UN experts said they expected this year's wheat and barley crops to be at least 30 per cent below last year's because of UN sanctions imposed after Iraq invaded Kuwait in August 1990.

Agriculture ministry figures put last year's wheat harvest at 525,000 tonnes, down from 1.19m tonnes in 1990 and the barley crop at 520,000 tonnes, compared with 1.85m tonnes.

Shortages of fertiliser, insecticides, irrigated land, spare parts and certified seeds caused the shortfall despite fairly good rains and a full year to recover from the Gulf War.

"It was a fairly good year compared to last but negative factors caused by sanctions will mean the wheat and barley crop is even less," said one UN expert. "This trend will doubtless continue until sanctions are lifted."

President Saddam Hussein ordered the price rises. He has vowed Iraq will survive sanctions despite US and British pledges to continue them until he is toppled.

# Comex's first lady makes an energetic beginning

**Barbara Durr** reports on an action-packed opening month for the exchange's newly-elected chairman

FRESH ON the job as chairman of the New York Commodity Exchange (Comex), Ms Donna Redel, elected to the office on March 24, has put her formidable energy behind two priorities that have become nearly a mantra for all exchange executives: raising trading volume and lowering costs. And in her initial steps toward those goals, Ms Redel has shown the drive and boldness that helped make her the first woman ever to chair a commodities exchange.

*In a direct competitive challenge to the New York Mercantile Exchange, the New York Commodity Exchange has announced plans to introduce platinum and palladium futures, which currently trade on Nymex.*

*Comex announced that its board of directors last week appointed a task force to review the markets and recommend specifications for the proposed contracts. "Incorporating platinum and palladium contracts into our existing product line will be highly beneficial for the industry, while representing a natural fit for us," said Mr David Halperin, president of Comex, which already lists gold, silver and copper.*

*Mr Halperin said that prior to his board's decision last week Comex and Nymex had discussed several proposals which would shift trading of the two contracts to Comex under a revenue sharing agreement. But none of the proposals proved acceptable, he said in a statement released yesterday.*

*Nymex reacted angrily to the announcement saying, "We question the commitment to this industry by an institution which for apparent political motivation would attempt to remove liquidity from existing markets by offering a product with no substantial difference".*

*The two exchanges have ended up at each other throats after years of talks about a merger foundered last year.*

She has approached European exchanges directly to ask for closer co-operation with on products and has pressed for quick action on a merger of Comex with the US Coffee, Sugar and Cocoa Exchange. A merger would cut costs for the overlapping memberships of the two exchanges.

Earlier this month, on a lightning trip to London, Ms Redel asked for the advice and guidance of the London Metal Exchange on the possibility of redesigning the Comex's languishing aluminium contract, which has not traded since 1990. With precious metals in the slow lane of trading, she is seeking to a create stronger base metals division to pump up volume. In this regard, she underlines how important it is "for Comex to explore reviving an aluminium contract in a different format". Moreover, she believes that discussions with the LME are needed "to improve the overall trading environment [for metals] on a global basis".

While in London, she also visited the International Petroleum Exchange, where she held talks on co-ordinating the launches of the two exchange's sour crude (Dubai) petroleum products. Comex's proposed Dubai futures contract is expected to be approved by the Commodity Futures Trading Commission, the US futures regulator, by late April. But Ms Redel says that the new futures – and the IPE contracts – are likely to stay on the shelf until the sour crude market matured sufficiently to guarantee some success.

Ms Redel is also working with another European exchange, the European Options Exchange in Amsterdam, on Comex's first venture into equity-based financial futures. She hopes that Comex's proposed stock index futures based on the Eurotop 100, which trades in Amsterdam, will come later this month. The American Stock Exchange, which has options on the Eurotop 100 ready to roll, will wait for Comex's Eurotop futures to be approved so that the launches can be co-ordinated, says Mr Ivers Riley, chief of derivatives trading at the Amex. This will provide better arbitrage opportunities for users between the cash market options and the futures.

In an effort to assure the success of the new financial futures, Ms Redel intends to reach beyond co-operation with Amsterdam and the Amex into the market-user community to ask for guidance on how best to market the new product. She says she will call upon individuals from pension funds and international portfolio management – the large institutional investors who use the futures markets – to serve as an advisory group on the Eurotop 100 futures.

The linking of Comex's most liquid contracts with those of other international exchanges is another scheme receiving Ms Redel's attention. While she declines to give details of her proposal – which may be ready next month – she says the purpose is to extend trading hours.

Meanwhile, the new chairman is stepping up efforts to arrange the merger with the CSCE. A merger committee has prepared a proposal for consideration by both exchanges' boards of directors at their next meetings. These will be held by May 13 and, if the light is green, a merger scheme will be put to the memberships of both exchanges.

Ms Redel hopes that the approval process, at the board and membership levels, will be completed by the end of the year at the latest. A merger would reduce costs for members, clearing firms and the exchanges by eliminating duplication in the back offices and in administration.

With respect to the joint construction of a new building with the CSCE, the Cotton Exchange and the New York Futures Exchange – the New York Mercantile Exchange has decided to go it alone on a new site – Ms Redel has said that she will evaluate the project on a "cost-benefit analysis". It is expected, however, that Comex will proceed with its previous decision to move to a new site.

Ms Redel made her first pilgrimage to Washington last week to plead with the CFTC for higher limits on investors' speculative positions. She describes raising position limits as "close to my top priority". On this issue, she is joining a chorus of futures industry voices who argue that US exchanges are increasingly losing business to overseas and unregulated markets because of low, regulatory position limits on trading. With the advent of institutional trading and large commodity funds, the industry has changed, but the rules have not, said Ms Redel. She intended to request that gold and silver contract limits be raised from their current level of 6,000 lots to 15,000 lots (of 100 troy ounces for gold and 5,000 troy ounces for silver).

Asked recently if she had any particular perspective as a woman in the male-dominated world of futures trading, Ms Redel – daughter of a former Comex chairman and executive vice president of the family firm, Redel Trading – shot back: "My perspective is a business one". She is, however, one of the few women to reach executive heights in the macho rough and tumble of the commodities markets. She has taken leave of the responsibilities at her own firm to work as the first full-time Comex chairman, drawing a salary of $125,000 a year. But her capacity for work has not been dented; she is also studying law at night to add a fresh qualification to the MBA she already holds.

# MINOR METALS PRICES

Prices from Metal Bulletin (last week's in brackets).

**ANTIMONY:** European free market 99.6 per cent, $ per tonne, in warehouse, 1,700-1,750 (1,700-1,740).

**BISMUTH:** European free market, min. 99.99 per cent, $ per lb, tonne lots in warehouse, 2.40-3.00 (same).

**CADMIUM:** European free market, min. 99.5 per cent, $ per lb, in warehouse, 0.90-1.10 (0.95-1.10).

**COBALT:** European free market, 99.5 per cent, $ per lb, in warehouse, 26.50-27.50 (27.00-28.50).

**MERCURY:** European free market, min. 99.99 per cent, $ per 76 lb flask, in warehouse, 110-125 (115-125).

**MOLYBDENUM:** European free market, drummed molybdic oxide, $ per lb Mo, in warehouse, 2.11-2.17 (same).

**SELENIUM:** European free market, min 99.5 per cent, $ per lb, in warehouse, 4.80-5.50.

**TUNGSTEN ORE:** European free market, standard min. 65 per cent, $ per tonne unit (10 kg) $WO_3$, cif, 56-66 (same).

**VANADIUM:** European free market, min. 98 per cent, $ a lb $V_2O_5$, cif, 2.05-2.20 (same).

**URANIUM:** Nuexco exchange value, $ per lb, $U_3O_8$, 7.85 (same).

LME WAREHOUSE STOCKS (As of Monday evening) tonnes

| | | |
|---|---|---|
| Aluminium | +5,025 | to 1,208,175 |
| Copper | −4,925 | to 257,300 |
| Lead | +575 | to 131,000 |
| Nickel | +120 | to 26,292 |
| Zinc | +10,425 | to 234,700 |
| Tin | +180 | to 11,665 |

## WORLD COMMODITIES PRICES

### MARKET REPORT

**PLATINUM** was in retreat on the London bullion market after the Easter break. By midday platinum futures on Nymex were hovering around the key resistance level of $340 a troy ounce. New York dealers pointed to the third consecutive day of losses on the Tokyo stock market, continuing to signal that the Japanese economy is slipping towards recession, with bearish implications for platinum demand. They were surprised prices had not fallen further given both the Japanese slowdown and high levels of outstanding Soviet swaps still held in Switzerland. "The Swiss are awash with platinum and they just seem to be holding it back from the market," one dealer said. On the LME **COPPER** closed down, but off 10-week lows struck in early trading. Recent constructive US economic data, underlying Chinese buying interest and drawdowns in LME stocks suggest that further declines could be be limited. London **COCOA** futures ended narrowly mixed, with most activity in the rolling forward of positions out of May and into July. News that the Ivory Coast had proposed an export quota system at UN talks on a new international agreement had little impact.

Compiled from Reuters

### London Markets

SPOT MARKETS

| Crude oil (per barrel FOB) | | + or - |
|---|---|---|
| Dubai | $16.55-60 | -.025 |
| Brent Blend (dated) | $19.00-19.10 | +.075 |
| Brent Blend (Jun) | $18.95-19.00 | +.075 |
| W.T.I. (1 pm est) | $20.35-40z | +.075 |
| **Oil products** (NWE prompt delivery per tonne CIF) | | + or - |
| Premium Gasoline | $210-212 | +4.5 |
| Gas Oil | $176-177 | +1 |
| Heavy Fuel Oil | $71-73 | |
| Naphtha | $185-186 | +2.5 |
| Petroleum Argus Estimates | | |
| **Other** | | + or - |
| Gold (per troy oz)♣ | $338.60 | -1.75 |
| Silver (per troy oz)♣ | 399c | -1.0 |
| Platinum (per troy oz) | $341.25 | -3.25 |
| Palladium (per troy oz) | $82.45 | +0.10 |
| Copper (US Producer) | 102.95 | -0.50 |
| Lead (US Producer) | 37.38c | |
| Tin (Kuala Lumpur market) | 14.54r | +0.04 |
| Tin (New York) | 272.50 | +1.0 |
| Zinc (US Prime Western) | 62.0c | |
| Cattle (live weight)† | 109.50p | -1.33* |
| Sheep (live weight)†♠ | 95.26p | +9.23* |
| Pigs (live weight)† | 98.51p | -2.56* |
| London daily sugar (raw) | $240.0y | +1.0 |
| London daily sugar (white) | $275.0y | -1.0 |
| Tate and Lyle export price | £246.0 | +1.0 |
| Barley (English feed) | £113.0w | |
| Maize (US No. 3 yellow) | £148.0w | |
| Wheat (US Dark Northern) | £120.0w | |
| Rubber (May)♥ | 54.75p | |
| Rubber (Jun)♥ | 55.00p | |
| Rubber (KL RSS No 1 May) | 216.5 | -1.0 |
| Coconut oil (Philippines)§ | $55.0t | -7.5 |
| Palm Oil (Malaysian)§ | $407.5z | |
| Copra (Philippines)§ | $430.0w | |
| Soyabeans (US) | £151.6t | +1.5 |
| Cotton "A" index | 57.90c | |
| Wooltops (64s Super) | 448p | |

£ a tonne unless otherwise stated. p-pence/kg. c-cents/lb r-ringgit/kg. t-May/Jun y-Apr/May w-Apr z-May. †Meat Commission average fatstock prices * change from a week ago. ♥London physical market. §CIF Rotterdam ♣ Bullion market close m-Malaysian cents/kg. ♠Sheep prices are now live weight prices.

SUGAR – London FOX ($ per tonne)

| Raw | Close | Previous | High/Low | |
|---|---|---|---|---|
| May | 214.00 | 213.40 | 212.40 | 211.20 |
| Aug | 206.20 | 208.00 | 206.80 | 205.00 |
| Oct | 195.20 | 198.00 | 196.00 | |
| Dec | 190.00 | 192.00 | 188.00 | |
| May | 189.00 | | 188.00 | |
| **White** | **Close** | **Previous** | **High/Low** | |
| Aug | 270.00 | 274.00 | 272.90 | 266.10 |
| Oct | 263.50 | 267.00 | 266.60 | 264.10 |
| Mar | 266.50 | 268.50 | 267.30 | 266.10 |

Turnover: Raw 267 (235) lots of 50 tonnes. White 1083 (1322)
Paris- White (FFr per tonne): Aug 1566.79 Mar 1564.08

CRUDE OIL – IPE $/barrel

| | Latest | Previous | High/Low | |
|---|---|---|---|---|
| Jun | 19.04 | 18.99 | 19.06 | 18.91 |
| Jul | 18.95 | 18.91 | 18.99 | 18.84 |
| Aug | 18.90 | 18.82 | 18.90 | 18.82 |
| Sep | 18.80 | 18.60 | 18.80 | |
| Dec | 18.60 | | 18.60 | |
| IPE Index | 18.82 | 18.66 | 18.82 | |

Turnover 6,392 (19,442)

GAS OIL – IPE $/tonne

| | Close | Previous | High/Low | |
|---|---|---|---|---|
| May | 174.75 | 172.50 | 175.00 | 173.50 |
| Jun | 174.25 | 172.50 | 174.75 | 173.50 |
| Jul | 174.75 | 172.50 | 175.50 | 173.75 |
| Aug | 177.00 | 174.75 | 177.00 | 175.25 |
| Sep | 178.50 | 176.25 | 179.00 | 177.00 |
| Oct | 180.50 | 178.25 | 180.50 | 178.75 |
| Nov | 181.25 | 179.50 | 181.25 | |
| Dec | 182.75 | 180.00 | 182.75 | |
| Jan | 182.50 | 180.00 | 183.50 | 182.50 |

Turnover 8,508 (11,315)lots of 100 tonnes

**COTTON**
Liverpool- Spot and shipment sales for the week ended 17 April amounted to 132 tonnes, against 211 tonnes in the previous week. Support was forthcoming in certain styles notably in the Central Asian range.

COCOA – London FOX £/tonne

| | Close | Previous | High/Low | |
|---|---|---|---|---|
| May | 602 | 596 | 600 | 598 |
| Jul | 618 | 619 | 621 | 615 |
| Sep | 644 | 646 | 649 | 641 |
| Dec | 676 | 681 | 683 | 676 |
| Mar | 713 | 717 | 717 | 710 |
| May | 738 | 735 | 734 | 730 |
| Jul | 756 | 756 | 756 | 755 |

Turnover: 12060 (7258) lots of 10 tonnes
ICCO indicator prices (SDRs per tonne). Daily price for Apr 16 765.73 (794.68) 10 day average for Apr.20 763.62 (764.03)

COFFEE – London FOX $/tonne

| | Close | Previous | High/Low | |
|---|---|---|---|---|
| May | 792 | 779 | 792 | 786 |
| Jul | 813 | 801 | 815 | 807 |
| Sep | 833 | 820 | 836 | 829 |
| Nov | 851 | 836 | 853 | 851 |
| Jan | 871 | 856 | 872 | 870 |
| Mar | 890 | 880 | 892 | 890 |

Turnover:2306 (3929) lots of 5 tonnes
ICO indicator prices (US cents per pound) for Apr 16: Comp. daily 52.27 (52.84) 15 day average 56.16 (55.57)

POTATOES – London FOX £/tonne

| | Close | Previous | High/Low | |
|---|---|---|---|---|
| May | 116.5 | 119.0 | 118.0 | 116.0 |
| Apr | 121.0 | | 122.0 | 120.0 |

Turnover 41 (47) lots of 20 tonnes.

SOYAMEAL – London FOX £/tonne

| | Close | Previous | High/Low | |
|---|---|---|---|---|
| Aug | 124.50 | 122.00 | 124.50 | 124.50 |
| Oct | 129.00 | | 129.00 | 129.00 |

Turnover 30 (77) lots of 20 tonnes.

FREIGHT – London FOX $10/index point

| | Close | Previous | High/Low | |
|---|---|---|---|---|
| Apr | 1195 | 1187 | 1200 | 1185 |
| May | 1200 | 1178 | 1200 | 1185 |
| Jun | 1097 | 1084 | 1097 | 1090 |
| Jul | 1076 | 1061 | 1076 | 1070 |
| Oct | 1207 | | 1207 | 1195 |
| BFI | 1175 | 1173 | 1175 | 1175 |

Turnover 189 (84)

GRAINS – London FOX £/tonne

| Wheat | Close | Previous | High/Low | |
|---|---|---|---|---|
| May | 124.15 | 124.05 | 124.50 | 124.15 |
| Jun | 125.95 | 125.80 | 126.35 | 125.90 |
| Sep | 111.80 | | 111.80 | |
| Nov | 115.15 | 115.10 | 115.25 | 115.15 |
| **Barley** | **Close** | **Previous** | **High/Low** | |
| May | 116.25 | 115.65 | 116.25 | |

Turnover: Wheat 364 (340), Barley 5 (34).
Turnover lots of 100 Tonnes.

PIGS – London FOX (Cash Settlement) p/kg

| | Close | Previous | High/Low | |
|---|---|---|---|---|
| Apr | 129.0 | | 129.3 | 128.0 |

Turnover 5 (21) lots of 3,250 kg

LONDON METAL EXCHANGE (Prices supplied by Amalgamated Metal Trading)

| | Close | Previous | High/Low | AM Official | Kerb close | Open Interest |
|---|---|---|---|---|---|---|
| **Aluminium, 99.7% purity ($ per tonne)** | | | | | | Total daily turnover 33,804 lots |
| Cash | 1329-30 | 1328-30 | 1130 | 1329-9.5 | | |
| 3 months | 1354.5-5.5 | 1353-4 | 1357/1351 | 1354-4.5 | 1357-8 | 167,041 lots |
| **Copper, Grade A (£ per tonne)** | | | | | | Total daily turnover 17,807 lots |
| Cash | 1252-3 | 1262-3 | 1249 | 1248.5-49 | | |
| 3 months | 1283-3.5 | 1291-2 | 1284.5/1279.5 | 1280.5-81 | 1284-4.5 | 104,244 lots |
| **Lead (£ per tonne)** | | | | | | Total daily turnover 1,132 lots |
| Cash | 302-3 | 302-3 | 302.25 | 302.25-2.5 | | |
| 3 months | 314-4 | 314.5-5 | 315/312 | 314.5-4.75 | 314.5-15 | 16,605 lots |
| **Nickel ($ per tonne)** | | | | | | Total daily turnover 3,071 lots |
| Cash | 7435-40 | 7400-10 | 7415 | 7415-20 | | |
| 3 months | 7524-5 | 7485-90 | 7548/7470 | 7500-1 | 7548-50 | 24,949 lots |
| **Tin ($ per tonne)** | | | | | | Total daily turnover 796 lots |
| Cash | 5860-70 | 5790-810 | | 5840-50 | | |
| 3 months | 5870-5 | 5830-40 | 5885/5845 | 5845-50 | 5860-65 | 7,044 lots |
| **Zinc, Special High Grade ($ per tonne)** | | | | | | Total daily turnover 16,627 lots |
| Cash | 1290-1 | 1305-7 | | 1292-4 | | |
| 3 months | 1266-7 | 1278-9 | 1276/1266 | 1265-6 | 1270-2 | 52,636 lots |

LME Closing £/$ rate: SPOT: 1.7479 | 3 months: 1.7234 | 6 months: 1.6951 | 9 months: 1.6787

LONDON BULLION MARKET (Prices supplied by N M Rothschild)

| Gold (fine oz) | $ price | £ equivalent |
|---|---|---|
| Close | 338.40-338.80 | |
| Opening | 337.70-338.10 | |
| Morning fix | 338.20 | 193.147 |
| Afternoon fix | 338.30 | 193.127 |
| Day's high | 338.60-338.90 | |
| Day's low | 337.40-337.70 | |

Loco Ldn Mean Gold Lending Rates (Vs US$)

| | | | |
|---|---|---|---|
| 1 month | 3.24 | 6 months | 3.34 |
| 2 months | 3.24 | 12 months | 3.42 |
| 3 months | 3.26 | | |

| Silver fix | p/fine oz | US cts equiv |
|---|---|---|
| Spot | 227.85 | 398.50 |
| 3 months | 233.50 | 402.50 |
| 6 months | 239.30 | 406.60 |
| 12 months | 250.15 | 416.10 |

GOLD COINS (Prices supplied by Engelhard Metals)

| | $ price | £ equivalent |
|---|---|---|
| Krugerrand | 338.25-339.25 | 193.25-193.75 |
| Maple leaf | 348.00-350.00 | 199.50-200.00 |
| New Sovereign | 83.00-84.00 | 47.50-48.00 |

TRADED OPTIONS

| Aluminium (99.7%) | Calls | | Puts | |
|---|---|---|---|---|
| Strike price $ tonne | May | Jun | May | Jun |
| 1200 | 140 | 149 | 3 | 3 |
| 1300 | 45 | 61 | 8 | 13 |
| 1400 | 3 | 3 | 117 | 142 |
| **Copper (Grade A)** | **Calls** | | **Puts** | |
| 2150 | 54 | 85 | 3 | 8 |
| 2250 | 3 | 12 | 50 | 54 |
| 2350 | 3 | 3 | 147 | 142 |
| **Coffee** | **Jul** | **Sep** | **Jul** | **Sep** |
| 750 | 89 | 96 | 6 | 14 |
| 800 | 54 | 62 | 21 | 30 |
| 850 | 14 | 37 | 51 | 55 |
| **Cocoa** | **Jul** | **Sep** | **Jul** | **Sep** |
| 600 | 33 | 58 | 15 | 15 |
| 625 | 21 | 43 | 28 | 25 |
| 650 | 12 | 30 | 44 | 37 |
| **Brent Crude** | **Jun** | **Jul** | **Jun** | **Jul** |
| 1850 | 64 | 74 | 17 | 35 |
| 1900 | 36 | 47 | 34 | |
| 1950 | 17 | 31 | | |

### New York

GOLD 100 troy oz.; $/troy oz.

| | Close | Previous | High/Low | |
|---|---|---|---|---|
| Apr | 341.1 | 338.9 | 341.3 | 338.6 |
| May | 341.2 | 337.0 | 338.2 | 338.2 |
| Jun | 341.7 | 337.7 | 343.0 | 338.5 |
| Aug | 343.7 | 339.7 | 344.8 | 340.8 |
| Oct | 345.6 | 341.7 | 345.8 | 343.2 |
| Dec | 347.7 | 343.6 | 346.5 | 344.8 |
| Feb | 350.1 | 346.2 | 0 | 0 |
| Apr | 352.4 | 348.6 | 350.4 | 350.4 |
| Jun | 355.0 | 351.2 | 0 | 0 |

PLATINUM 50 troy oz; $/troy oz.

| | Close | Previous | High/Low | |
|---|---|---|---|---|
| Apr | 341.1 | 338.7 | 0 | 0 |
| Jul | 342.3 | 338.7 | 342.5 | 339.0 |
| Oct | 348.0 | 342.2 | 346.5 | 344.0 |
| Jan | 346.0 | 341.7 | 346.5 | 344.0 |
| Apr | 347.6 | 343.2 | 0 | 0 |

SILVER 5,000 troy oz; cents/troy oz.

| | Close | Previous | High/Low | |
|---|---|---|---|---|
| Apr | 399.1 | 396.3 | 398.0 | 395.0 |
| May | 399.5 | 396.8 | 401.5 | 396.0 |
| Jun | 401.1 | 398.4 | 0 | 0 |
| Jul | 402.7 | 400.0 | 404.5 | 399.5 |
| Sep | 406.1 | 403.4 | 408.5 | 403.0 |
| Dec | 411.0 | 408.3 | 412.0 | 408.0 |
| Jan | 412.7 | 410.0 | 0 | 0 |
| Mar | 416.5 | 413.8 | 417.0 | 414.0 |
| May | 420.5 | 417.8 | 0 | 0 |
| Jul | 424.5 | 421.8 | 426.5 | 426.5 |

HIGH GRADE COPPER 25,000 lbs; cents/lbs

| | Close | Previous | High/Low | |
|---|---|---|---|---|
| Apr | 99.60 | 98.55 | 99.50 | 99.00 |
| May | 99.50 | 98.55 | 99.60 | 98.80 |
| Jun | 99.60 | 98.75 | 99.30 | 99.30 |
| Jul | 99.75 | 98.90 | 99.80 | 99.00 |
| Aug | 99.90 | 99.10 | 99.40 | 99.40 |
| Sep | 100.00 | 99.30 | 100.00 | 99.40 |
| Oct | 100.00 | 99.30 | 99.80 | 99.70 |
| Nov | 100.00 | 99.30 | 99.70 | 99.70 |
| Dec | 100.00 | 99.30 | 99.75 | 99.40 |
| Jan | 99.85 | 99.20 | 99.50 | 99.50 |

SUGAR WORLD "11" 112,000 lbs; cents/lbs

| | Close | Previous | High/Low | |
|---|---|---|---|---|
| May | 9.54 | 9.48 | 9.59 | 9.44 |
| Jul | 9.27 | 9.33 | 9.34 | 9.15 |
| Oct | 8.77 | 8.74 | 8.83 | 8.71 |
| Mar | 8.66 | 8.67 | 8.76 | 8.65 |
| May | 8.65 | 8.65 | 8.73 | 8.65 |
| Jul | 8.67 | 8.68 | 0 | 0 |

CRUDE OIL (Light) 42,000 US galls $/barrel

| | Latest | Previous | High/Low | |
|---|---|---|---|---|
| May | 20.23 | 20.24 | 20.29 | 20.15 |
| Jun | 20.38 | 20.43 | 20.49 | 20.33 |
| Jul | 20.40 | 20.45 | 20.51 | 20.35 |
| Aug | 20.40 | 20.42 | 20.48 | 20.34 |
| Sep | 20.36 | 20.38 | 20.41 | 20.30 |
| Oct | 20.29 | 20.31 | 20.31 | 20.25 |
| Nov | 20.25 | 20.26 | 20.25 | 20.20 |
| Dec | 20.20 | 20.22 | 20.25 | 20.19 |
| Jan | 20.13 | 20.14 | 20.13 | 20.11 |
| Feb | 20.04 | 20.07 | 20.04 | 20.04 |

HEATING OIL 42,000 US galls, cents/US galls

| | Latest | Previous | High/Low | |
|---|---|---|---|---|
| May | 5875 | 5867 | 5895 | 5830 |
| Jun | 5805 | 5801 | 5830 | 5565 |
| Jul | 5575 | 5577 | 5605 | 5550 |
| Aug | 5640 | 5657 | 5660 | 5630 |
| Sep | 5755 | 5772 | 5770 | 5750 |
| Oct | 5855 | 5872 | 5870 | 5850 |
| Nov | 5990 | 5962 | 5990 | 5990 |
| Dec | 6050 | 6062 | 6060 | 6025 |
| Jan | 6070 | 6072 | 6075 | 6055 |
| Feb | 5967 | 5967 | 0 | 0 |

COCOA 10 tonnes;$/tonnes

| | Close | Previous | High/Low | |
|---|---|---|---|---|
| May | 930 | 915 | 933 | 900 |
| Jul | 974 | 963 | 975 | 958 |
| Sep | 1014 | 1004 | 1014 | 998 |
| Dec | 1065 | 1055 | 1065 | 1032 |
| Mar | 1109 | 1097 | 0 | 0 |
| May | 1138 | 1128 | 1135 | 1135 |
| Jul | 1168 | 1158 | 1165 | 1163 |
| Sep | 1198 | 1188 | 1192 | 1192 |
| Dec | 1238 | 1228 | 1233 | 1233 |
| Mar | 1265 | 0 | 0 | 0 |

COFFEE "C" 37,500lbs; cents/lbs

| | Close | Previous | High/Low | |
|---|---|---|---|---|
| May | 63.75 | 63.75 | 64.60 | 63.50 |
| Jul | 66.30 | 66.05 | 66.80 | 65.60 |
| Sep | 68.70 | 68.40 | 69.25 | 68.35 |
| Dec | 72.20 | 71.75 | 72.75 | 71.80 |
| Mar | 75.95 | 76.00 | 76.50 | 75.75 |
| May | 78.65 | 78.40 | 0 | 0 |
| Jul | 80.60 | 80.40 | 0 | 0 |
| Sep | 83.60 | 83.50 | 0 | 0 |

COTTON 50,000; cents/lbs

| | Close | Previous | High/Low | |
|---|---|---|---|---|
| May | 57.00 | 61.15 | 57.58 | 56.71 |
| Jul | 59.13 | 61.78 | 59.50 | 58.85 |
| Oct | 60.99 | 63.05 | 61.30 | 60.80 |
| Dec | 61.55 | 63.58 | 61.90 | 61.35 |
| Mar | 62.85 | 63.83 | 62.86 | 62.65 |
| May | 63.33 | 63.25 | 0 | 0 |

ORANGE JUICE 15,000 lbs; cents/lbs

| | Close | Previous | High/Low | |
|---|---|---|---|---|
| May | 137.45 | 136.60 | 138.00 | 135.30 |
| Jul | 132.40 | 132.10 | 132.80 | 131.00 |
| Sep | 125.15 | 124.80 | 125.15 | 124.60 |
| Nov | 119.25 | 118.25 | 119.60 | 118.50 |
| Jan | 118.65 | 118.25 | 119.00 | 118.50 |
| Mar | 118.55 | 118.25 | 119.00 | 118.50 |
| May | 118.55 | 118.25 | 0 | 0 |
| Jul | 118.55 | 118.25 | 0 | 0 |
| Sep | 118.55 | 118.25 | 0 | 0 |

INDICES

REUTERS (Base: September 18 1931 = 100)

| Apr.21 | Apr.16 | mnth ago | yr ago |
|---|---|---|---|
| 1692.7 | 1692.1 | 1615.7 | 1741.3 |

DOW JONES (Base: Dec. 31 1974 = 100)

| | Apr.20 | Apr.16 | mnth ago | yr ago |
|---|---|---|---|---|
| Spot | 115.63 | 116.03 | 117.89 | 126.74 |
| Futures | 116.83 | 116.89 | 122.16 | 128.05 |

### Chicago

SOYABEANS 5,000 bu min; cents/60lb bushel

| | Close | Previous | High/Low | |
|---|---|---|---|---|
| May | 583/6 | 579/4 | 584/0 | 576/4 |
| Jul | 591/0 | 586/6 | 591/4 | 585/4 |
| Aug | 595/2 | 590/6 | 595/2 | 590/0 |
| Sep | 598/4 | 594/0 | 599/0 | 593/2 |
| Nov | 605/6 | 600/4 | 606/0 | 599/4 |
| Jan | 614/2 | 608/4 | 615/0 | 606/4 |
| Mar | 623/4 | 617/2 | 623/4 | 620/0 |

SOYABEAN OIL 60,000 lbs; cents/lb

| | Close | Previous | High/Low | |
|---|---|---|---|---|
| May | 19.65 | 19.45 | 19.69 | 19.44 |
| Jul | 20.18 | 19.72 | 20.20 | 19.73 |
| Aug | 20.33 | 19.88 | 20.35 | 19.88 |
| Sep | 20.48 | 20.04 | 20.48 | 20.05 |
| Oct | 20.62 | 20.18 | 20.62 | 20.17 |
| Dec | 20.96 | 20.48 | 20.95 | 20.47 |
| Jan | 21.09 | 20.62 | 0 | 0 |
| Mar | 21.35 | 20.88 | 21.35 | 21.05 |

SOYABEAN MEAL 100 tons; $/ton

| | Close | Previous | High/Low | |
|---|---|---|---|---|
| May | 176.8 | PR.SET | HIGH | LOW |
| Jul | 179.3 | 178.7 | 177.5 | 176.3 |
| Aug | 180.5 | 179.1 | 179.9 | 178.6 |
| Sep | 181.8 | 180.3 | 180.9 | 179.8 |
| Oct | 186.4 | 181.3 | 181.6 | 181.0 |
| Dec | 186.6 | 186.8 | 189.5 | 188.0 |
| Jan | 198.6 | 199.0 | 200.1 | 198.3 |
| Mar | 200.0 | 199.7 | 200.0 | 198.8 |

MAIZE 5,000 bu min; cents/56lb bushel

| | Close | Previous | High/Low | |
|---|---|---|---|---|
| May | 256/4 | 255/2 | 256/4 | 255/2 |
| Jul | 260/6 | 260/2 | 261/2 | 259/6 |
| Sep | 256/4 | 258/6 | 258/0 | 256/2 |
| Dec | 255/2 | 256/0 | 256/4 | 254/6 |
| Mar | 263/0 | 263/4 | 264/0 | 262/6 |
| May | 268/4 | 267/4 | 267/6 | 266/4 |
| Jul | 270/0 | 270/4 | 270/0 | 269/4 |
| Dec | 258/0 | 257/0 | 258/0 | 258/0 |

WHEAT 5,000 bu min; cents/60lb-bushel

| | Close | Previous | High/Low | |
|---|---|---|---|---|
| May | 371/4 | 369/0 | 371/4 | 368/0 |
| Jul | 356/4 | 358/0 | 360/0 | 355/6 |
| Sep | 359/2 | 362/0 | 364/0 | 359/0 |
| Dec | 367/0 | 369/4 | 370/6 | 366/4 |
| Mar | 365/2 | 367/4 | 371/0 | 365/2 |
| May | 353/4 | 358/0 | 356/0 | 353/4 |
| Jul | 335/0 | 338/4 | 338/2 | 335/0 |
| Sep | 340/0 | 343/4 | 0 | 0 |

LIVE CATTLE 40,000 lbs; cents/lbs

| | Close | Previous | High/Low | |
|---|---|---|---|---|
| Apr | 77.675 | 77.725 | 78.000 | 77.450 |
| Jun | 73.330 | 73.475 | 74.050 | 73.325 |
| Aug | 69.225 | 69.300 | 69.750 | 69.075 |
| Oct | 69.325 | 69.575 | 69.900 | 69.300 |
| Dec | 69.825 | 69.700 | 69.975 | 69.600 |
| Feb | 69.100 | 68.975 | 69.350 | 69.100 |
| Apr | 70.400 | 70.200 | 70.500 | 70.400 |

LIVE HOGS 40,000 lb; cents/lbs

| | Close | Previous | High/Low | |
|---|---|---|---|---|
| Apr | 43.550 | 43.775 | 44.150 | 43.500 |
| Jun | 47.800 | 47.925 | 48.400 | 47.550 |
| Jul | 45.775 | 45.950 | 46.350 | 45.750 |
| Aug | 43.775 | 43.900 | 44.250 | 43.850 |
| Oct | 40.550 | 40.750 | 41.050 | 40.450 |
| Dec | 42.800 | 42.925 | 43.075 | 42.600 |
| Feb | 43.925 | 43.950 | 44.000 | 43.650 |
| Apr | 42.300 | 42.750 | 42.400 | 42.250 |

PORK BELLIES 40,000 lbs; cents/lb

| | Close | Previous | High/Low | |
|---|---|---|---|---|
| May | 34.325 | 35.025 | 35.550 | 34.250 |
| Jul | 34.450 | 34.875 | 35.600 | 34.350 |
| Aug | 32.850 | 33.150 | 33.700 | 32.575 |
| Feb | 42.950 | 42.950 | 43.000 | 42.650 |
| Mar | 41.900 | 41.700 | 43.000 | 41.900 |
| May | 42.500 | 42.350 | 42.750 | 42.500 |

# LONDON STOCK EXCHANGE

# Profit-taking unsettles equity market

By Steve Thompson

The latest government funding via the gilts market, some £2.5bn-worth of stock, diverted attention away from an equity market still suffering from the lingering effects of post-election profit-taking and worries about a wave of rights issues.

The FT-SE 100-share index ended a much quieter session than has been the case during the past two weeks a net 12.8 lower at 2,625.8.

Dealers said the market began on a defensive note and remained that way for the rest of the day despite closing well above the session's lowest levels. It was also pointed out that activity in the Footsie future, which has hit record levels over the past couple of weeks, was much reduced yesterday.

The Footsie kicked off with a 21 point decline at 2,617.6, mirroring persistent weakness on the Tokyo market over the Easter holiday period, and a poor showing by Wall Street on Monday, when that market came under pressure. At its worst level the Footsie was down some 23 points within minutes of the official opening.

Little real selling pressure emerged after this mark down, however, and the market quietly clawed its way back in mid-session before slipping back and then rallying at the close. Wall Street, which opened higher but then began to lose ground as London closed, was seen as one of the reasons behind the market's uncertainty.

| Account Dealing Dates | | |
|---|---|---|
| *First Dealings: | | |
| Apr 6 | Apr 27 | May 11 |
| Option Declarations: | | |
| Apr 23 | May 7 | May 28 |
| Last Dealings: | | |
| Apr 24 | May 8 | May 29 |
| Account Day: | | |
| May 5 | May 18 | Jun 8 |

*New-time dealings may take place from 8.30 am two business days earlier.

Turnover levels provided the real clue to the day's activity. By five o'clock turnover had reached a miserable 420.1m shares.

This figure compares with the near 900m shares that changed hands last Thursday, London's most recent trading session, and the previous day's 329m shares.

Official figures released by the Stock Exchange showed that the value of customer business on the London market last week increased from Monday's £1.22 bn to £1.77 bn on Thursday.

Marketmakers were by no means depressed by the decline. "We've had to deal with more than a touch of dullness from Tokyo and a poor showing by Wall Street, and we've come through it very well," said one trader. He added that the market was happy to accommodate a bout of profit-taking but said that any prolonged selling pressure would uncover some strong institutional demand. "The market feels good, as good as any time in the past few months and has not been shaken by Tokyo or Wall Street, they're all accounted for," he said.

Agency brokers adopted a similar tone. One said that since the election result "the market has gone up in a straight line, any correction has got to be seen as healthy."

Pharmaceutical stocks, notably Glaxo and Smith Kline Beecham, led the market's retreat, upset by what were viewed as poor figures released last week by US drugs group Merck. The big losses in the two big drug groups were said to have been responsible for around 9 points of the market's fall.

Store shares made good progress; "the consumer is not dead and buried yet," said one specialist, while property shares, apparently boosted by Kleinwort Benson, the broker, were especially firm.

## Brokers cut Rank forecasts

THREE BROKERS were called in to see Rank Organisation yesterday prior to the leisure group moving into its closed period, and all seemingly emerged to cut their profits forecasts. Continuing worries over the performance of its part-owned subsidiary Fuji Xerox were thought to have influenced the downgrades, although other anxieties emerged.

All three houses – County NatWest, Hoare Govett and Goldman Sachs – were already at the bottom of the range of analysts' forecasts. County shaved £5m off its estimate to £265m, and Hoare's figure was also down that amount to £270m. Goldman was reported to be downgrading by a similar amount. This, and the fact that Rank has had a good run, moved County on to a short-term sell stance.

Fuji Xerox is part of Rank Xerox, the office equipment group which contributes 60 per cent to Rank Organisation's overall profits. There was also some disquiet on the US video distribution business. The shares lost 19 to 739p.

### Marshalls placing

Ibstock Johnsen was said to have sold its 4.2 per cent stake in Marshalls, the Halifax-based building materials company, raising £3.6m for the hard-pressed brick and forestry products group.

The 3.9m shares were sold by Ibstock at 85p – apparently by Ibstock's broker James Capel – and placed at 86p. Ibstock is believed to have made a small profit on its holding.

The shares were picked up by three large institutional buyers within minutes of being offered. Marshalls was unmoved at 88p, and Ibstock firmed a penny to 86p in turnover of 3.6m.

Life assurance companies followed the market's downward trend, ahead of a buy note on the sector from UBS Phillips & Drew. Mr Youssef Ziai, insurance specialist at UBS, pointed out that the life sector has underperformed the market by 8 per cent since the beginning of the year, but he expects it to recover as political risk has been removed following the general election.

The prospect of lower interest rates and economic recovery is also positive for life assurance companies, according to Mr Ziai, as well as the conclusion of the ABI's accounting proposals for life companies. UBS believes this could produce room for a 10 per cent upward rerating when companies publish their restated figures.

Legal & General finished 2 firmer at 390p, but other stocks in the sector lost ground, with Britannic, one of UBS's buy recommendations, falling 11 to 854p and Refuge, another on the favoured list, slipping 7 to 658p.

A shortage of stock exacerbated rises in leading property shares as the weekend talk of economic recovery brought buyers into the sector. MEPC forged ahead 17 to 317p, Land Securities 12 to 412p, British Land 23 to 215p and Slough Estates 9 to 187p.

Exotic fruits and banana importer Geest declined 4 to 369p as company president Mr John van Geest disposed of 1.25m shares in the market, representing 1.75 per cent of Geest's equity, via a placing at 360p per share.

After Mr van Geest's disposal the Seaq ticker revealed a line of 920,000 had been placed at 363p.

There was a late flurry of activity in the regional electricity stocks and the Electricity Package, thought to have represented more unravelling of the Package units.

Large late trades of 1m shares each in some of the regional electricity companies saw East Midlands climb 3 to 291p and Eastern a penny to 281p. The Electricity Package closed 10 higher at £3155.

Highest turnover of the day was in Scottish Power, at 10m shares, as the price receded 3½ to 94p. Scottish Hydro, also active on trade of 7.9m shares, slipped 3½ to 99p.

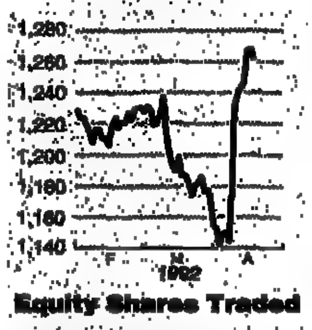
Pharmaceuticals again suffered a hangover from Wall Street as US investors continued their drift from the sector into more cyclical stocks.

There was also negative sentiment surrounding US drugs group Merck, which reported fairly pedestrian first-quarter figures last week, reflecting on selected London drugs stocks.

Glaxo tumbled 34 to 754p, Medeva fell 25 to 259p and SmithKline Beecham dropped 39 to 833p. Merck's low level of price increases disappointed the market, and SmithKline is expected to follow this trend when it reports tomorrow. This, together with the cost of launching several new products, is expected to limit profits growth.

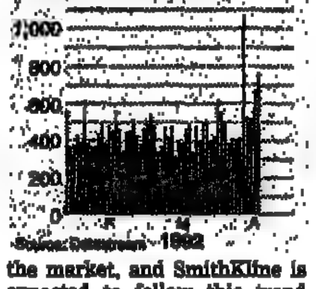
Cable and Wireless lost ground after a rumour that its broker had downgraded the telecoms group. There was also talk of additional pressure from the options market with the expiry today of the April 550 series. The shares slipped 14 to 558p.

**FT-A All-Share Index**



**Equity Shares Traded**

Turnover by volume (million) Excluding: intra-market business & Overseas turnover



Source: Datastream

Big international earners among brewery stocks lost out to cyclical companies, on hopes of an economic upturn in the UK. Guinness slipped 8½ to 563p and Grand Metropolitan 10 to 460p, but Bass improved 4 to 615p and Allied-Lyons 2 to 640p. Whitbread "A" was steady at 444p.

Midland Bank eased a further 2 to 360p as the market continued to take on board last week's disposal of 60m shares by the Kuwait Investment Office and doubts that Lloyds Bank will produce a bid to counter the agreed offer for Midland from Hongkong and Shanghai Banking.

Lloyds lost 2 to 391p, while the problems surrounding property company Olympia & York continued to weigh on Barclays, 5 lower at 334p.

Simon Engineering declined 7 to 270p after Smith New Court weighed in with a profits downgrade for the current year.

The broker cut its figure by 18 per cent to £18.8m. Mr Iain Lowe at Smith said: "First-half profits are likely to be worse than we had hoped and the indication is that the company will not be among the first to emerge out of the recession."

**MARKET REPORTERS:**
Joel Kibazo,
Colin Milham,
Christopher Price.

■ Other market statistics, Page 24.

## FINANCIAL TIMES STOCK INDICES

| | Apr 21 | Apr 16 | Apr 15 | Apr 14 | Apr 13 | Year Ago | 1992 High | 1992 Low | Since Compilation High | Since Compilation Low |
|---|---|---|---|---|---|---|---|---|---|---|
| Government Secs | 88.49 | 88.65 | 88.82 | 88.57 | 88.61 | 84.84 | 88.82 (15/4) | 85.11 (1/4) | 127.40 (9/1/35) | 49.18 (3/1/75) |
| Fixed Interest | 102.40 | 102.80 | 102.67 | 102.52 | 102.34 | 94.82 | 102.80 (16/4) | 97.15 (2/1) | 105.40 (28/11/47) | 50.53 (3/1/75) |
| Ordinary Share ● | 2047.6 | 2059.2 | 2053.0 | 2014.9 | 2005.5 | 1980.1 | 2059.2 (16/4) | 1851.4 (3/4) | 2108.3 (2/9/91) | 49.4 (26/6/40) |
| Gold Mines | 112.5 | 111.9 | 113.9 | 114.0 | 115.7 | 140.2 | 160.6 (10/1) | 111.5 (6/4) | 734.7 (15/2/83) | 43.5 (26/10/71) |
| FT-SE 100 Share | 2625.8 | 2638.6 | 2640.2 | 2600.5 | 2591.0 | 2520.1 | 2640.2 (15/4) | 2382.7 (3/4) | 2679.6 (2/9/91) | 986.9 (23/7/84) |
| FT-SE Eurotrack 200 | 1208.47 | 1213.52 | 1212.94 | 1199.46 | 1194.61 | 1167.51 | 1213.52 (16/4) | 1120.52 (8/1) | 1213.52 (16/4/92) | 938.62 (16/1/91) |
| ●Ord. Div. Yield | 4.45 | 4.43 | 4.44 | 4.47 | 4.49 | 4.86 | | | | |
| ●Earning Yld %(full) | 6.39 | 6.35 | 6.36 | 6.53 | 6.54 | 8.72 | | | | |
| ●P/E Ratio(Net)(☆) | 19.72 | 19.85 | 19.81 | 19.22 | 19.16 | 14.08 | | | | |
| SEAQ Bargns 5.00pm | 34,636 | 45,598 | 43,109 | 36,883 | 40,531 | 28,263 | | | | |
| Equity Turnover(£m)† | - | 1771.8 | 1,580.0 | 1,333.3 | 1,218.6 | 833.47 | | | | |
| Equity Bargains† | - | 51,819 | 46,524 | 41,130 | 48,934 | 28,267 | | | | |
| Shares Traded (ml)† | - | 770.3 | 677.1 | 528.8 | 530.6 | 395.5 | | | | |

Basis 100 Govt. Secs 15/10/26, Fixed Int. 1928, Ordinary 1/7/35, Gold Mines 12/9/55. Basis 1000 FT-SE 100 31/12/83 & FT-SE Eurotrack 200 26/10/90. ☆ Nil 18.39

Ordinary Share Index, Hourly changes — Day's High 2053.7 — Day's Low 2042.2

| Open | 9 am | 10 am | 11 am | 12 pm | 1 pm | 2 pm | 3 pm | 4 pm |
|---|---|---|---|---|---|---|---|---|
| 2043.1 | 2048.6 | 2048.9 | 2049.4 | 2053.7 | 2050.9 | 2048.2 | 2042.8 | 2047.2 |

FT-SE 100, Hourly changes — Day's High 2627.7 — Day's Low 2615.6

| Open | 9 am | 10 am | 11 am | 12 pm | 1 pm | 2 pm | 3 pm | 4 pm |
|---|---|---|---|---|---|---|---|---|
| 2617.6 | 2621.6 | 2623.0 | 2623.1 | 2627.5 | 2625.2 | 2620.8 | 2618.1 | 2626.0 |

FT-SE Eurotrack 200, Hourly changes — Day's High 1210.72 — Day's Low 1207.76

| Open | 10 am | 11 am | 12 pm | 1 pm | 2 pm | 3 pm |
|---|---|---|---|---|---|---|
| 1207.76 | 1208.23 | 1209.37 | 1210.12 | 1210.35 | 1208.87 | 1209.02 |

### GILT EDGED ACTIVITY

| Indices* | Apr 16 | Apr 15 |
|---|---|---|
| Gilt Edged Bargains | 113.0 | 148.8 |
| 5–Day average | 151.0 | 157.4 |

*SE Activity 1974.
†Excluding intra-market business and Overseas turnover.

London report and latest Share Index: Tel. 0891 123001. Calls charged at 36p/minute cheap rate, 48p/minute at all other times.

## TRADING VOLUME IN MAJOR STOCKS

| | Volume 000's | Closing Price | Day's change |
|---|---|---|---|
| ADT | 77 | 480 | −15 |
| ASDA Group | 4,200 | 31 | −1 |
| Abbey National | 1,900 | 311 | |
| Albert Fisher | 4,900 | 72 | |
| Allied-Lyons | 344 | 640 | +2 |
| Amstrad | 1,300 | 34 | −1 |
| Anglian Water | 157 | 418 | +3 |
| Argos | 226 | 284 | +1 |
| Argyll Group | 2,300 | 350 | +3 |
| Arjo Wiggins | 1,800 | 250 | −2 |
| Comm Union | 477 | 485 | +8 |
| Cookson | 77 | 146 | −1 |
| Courtaulds | 449 | 577 | +2 |
| Dalgety | 88 | 369 | −2 |
| De La Rue | 818 | 588 | −2 |
| Dixons | 1,800 | 202 | +6 |
| ECC Group | 335 | 360 | +2 |
| Eastern Elect. | 1,400 | 281 | +1 |
| East Midland Elect. | 3,000 | 291 | +3 |
| Enterprise Oil | 301 | 395 | +3 |
| Lucas | 1,400 | 132 | |
| MB Caradon | 314 | 298 | −4 |
| MEPC | 1,300 | 317 | +17 |
| Manweb | 513 | 309 | +3 |
| Marks & Spencer | 3,200 | 328 | −1 |
| Midland Bank | 5,300 | 360 | −2 |
| Midlands Elect | 735 | 317 | +2 |
| NFC | 700 | 284 | +2 |
| NatWest Bank | 1,200 | 318 | |
| National Power | 4,600 | 218 | |
| Shell Transport | 865 | 475½ | +3½ |
| Slebe | 454 | 871 | +7 |
| Slough Ests | 500 | 187 | +9 |
| Smith (W.H.) A | 1,200 | 482 | +4½ |
| Smith & Nephew | 1,500 | 158 | −2½ |
| SmKl Beecham | 2,300 | 833 | −39 |
| SmKl Beecham Uts | 577 | 3698 | −227 |
| Smiths Inds | 585 | 315 | +6 |
| Southern Elect. | 1,400 | 339 | −1 |
| South Wales Elect. | 1,300 | 351 | +4 |
| Cable & Wire. | 1,600 | 558 | −14 |
| Cadbury Schweppes | 921 | 458 | −3 |
| Calor Group | 58 | 190 | +1 |
| Carlton Comms | 276 | 618 | −3 |
| Coats Viyella | 3,500 | 228 | +2 |
| Lloyds Abbey | 108 | 410 | |
| Lloyds Bank | 809 | 391 | −2 |
| LASMO | 1,800 | 213 | −1 |
| London Elect. | 1,800 | 309 | −2 |
| Lonrho | 2,800 | 81 | +2 |
| Scottish Power | 10,000 | 94 | −3½ |
| Sears | 8,000 | 111½ | +3½ |
| Sedgwick | 980 | 201 | −8 |
| Seeboard | 1,400 | 323 | +3 |
| Severn Trent Water | 1,100 | 381 | +2 |
| Willis Corroon | 949 | 283 | −1 |
| Wimpey | 340 | 176 | +6 |
| Wolseley | 290 | 451 | +4 |
| Yorkshire Elect. | 1,400 | 309 | |
| Yorkshire Water | 1,000 | 434 | +1 |

Based on the trading volume for a selection of Alpha securities dealt through the SEAQ system yesterday until 4.30pm. Trades of one million or more are rounded down.

## EQUITY FUTURES AND OPTIONS TRADING

STOCK INDEX futures maintained a healthy premium over the underlying cash market yesterday, although turnover was down on recent levels, writes Joel Kibazo.

A one-point fall in the June contract on the FTSE to 2,648 shortly after the opening proved to be a temporary setback, before June began slowly to crawl forward thereafter in light trading.

Dealers said the few selling orders on offer were quickly taken up. With Wall Street having little impact, June continued forward during the afternoon session and a surge just before the market close to 2,672 was recorded after a large order for 300 contracts was transacted. June eventually closed at 2,668, around 21 points above its estimated fair value premium to cash of about 22. Turnover was a poor 4,661 contracts.

In the traded options market turnover reached 28,265 – well down on recent levels. However, the FT-SE 100 option was busy, trading 13,605 lots. Volume in the Euro FT-SE option reached only 937 contracts. Among stock options, British Airways led the way with a day's total of 969 lots, with the July 280 calls the busiest series. This was followed by Marks & Spencers at 888 contracts dealt.

## NEW HIGHS AND LOWS FOR 1992

NEW HIGHS (150).
BRITISH FUNDS (2) Tr. 9pc 1992, Ex. 9pc Gas 1990-5. AMERICANS (8) Chrysler, Dana, Ford Motor, Houston Inds., Lockheed, Tenneco. BREWERS & DISTILLERS (3) Devenish (JA), Do. 4½pc Pf., Invergordon Dist. BUILDING MATERIALS (9) BPB, Kalon, Polypipe, RMC, Redland, Spring Ram, Tarmac, Travis Perkins, Wolseley. BUSINESS SERVICES (2) Gardner (DC), Sherwood Computer. CHEMICALS (3) Br. Vita, Halstead (J), Yorks. Chems., CONGLOMERATES (1) Daimler-Benz, CONTRACTING & CONSTRUCTION (11) Boot (H), Byrant, How. [illegible]

## FT-ACTUARIES SHARE INDICES

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EQUITY GROUPS & SUB-SECTIONS — Tuesday April 21 1992

Figures in parentheses show number of stocks per section

| | Index No. | Day's Change % | Est. Earnings Yield% (Max.) | Gross Div. Yield% (Act at (25%)) | Est. P/E Ratio (Net) | xd adj. 1992 to date | Thu Apr 16 Index No. | Wed Apr 15 Index No. | Tue Apr 14 Index No. | Year ago (approx) Index No. |
|---|---|---|---|---|---|---|---|---|---|---|
| 1 CAPITAL GOODS (179) | [illegible] | | | | | | | | | |

## FIXED INTEREST

| PRICE INDICES | Tue Apr 21 | Day's change % | Thu Apr 16 | Accrued interest | xd adj. 1992 to date |
|---|---|---|---|---|---|
| [illegible] | | | | | |

| AVERAGE GROSS REDEMPTION YIELDS | Tue Apr 21 | Thu Apr 16 | Year ago (approx.) |
|---|---|---|---|
| [illegible] | | | |

## LONDON SHARE SERVICE

### BRITISH FUNDS – Cont.

| | Notes | Price £ | + or - | 1992 high | 1992 low | Yield Int. | Yield Red. |
|---|---|---|---|---|---|---|---|
| Treas 10½pc 1999 | | 105⅜xd | −⅜ | 106⅜ | 101⅞ | 9.96 | 9.52 |
| Conversion 10¼pc 1999 | | 105⅜xd | −⅜ | 105½ | 100⅛ | 9.75 | 9.32 |
| 9pc 2000‡‡ | | 98⅜ | −⅜ | 98⅞ | 94¾ | 9.06 | 9.14 |
| Treas 13pc 2000 | | 116⅞ | −⅜ | 120⅜ | 114⅞ | 10.98 | 9.51 |
| 10pc 2001 | | 104½ | −⅜ | 105⅞ | 98⅞ | 9.57 | 9.21 |
| 14pc '98–01 | | 119⅞xd | −⅜ | 120⅜ | 115⅜ | 11.76 | 9.46 |
| 9¾pc 2002 | | 103⅛ | −⅜ | 104½ | 98⅞ | 9.49 | 9.17 |
| 9¾pc 2002 C | | 103⅛ | −⅜ | 104⅜ | 99⅜ | 9.77 | 10.00 |
| 10pc 2003 | | 105⅛ | −⅜ | 105⅞ | 100⅜ | 9.47 | 9.16 |
| 10pc 2003 B | | 18⅜ | −⅜ | 20⅛ | 18⅜ | 10.88 | 9.15 |
| Treas 11½pc 2001–04 | | 112⅛ | −⅜ | 113⅜ | 107⅜ | 10.25 | 9.49 |
| Funding 3½pc '99–04 | | 84⅛ | −⅛ | 84⅞ | 80⅛ | 3.48 | 8.21 |
| Conversion 9½pc 2004 | | 102⅛xd | −⅜ | 103⅛ | 98⅞ | 9.27 | 9.15 |
| 9½pc 2005 | | 102⅞ | −⅜ | 103⅞ | 98⅞ | 9.25 | 9.13 |
| Treas 12½pc 2003–05 | | 122⅞xd | −½ | 122⅞ | 118⅜ | 10.18 | 9.22 |
| 8pc 2002–06‡‡ | | 90⅞ | −⅜ | 91⅞ | 86⅛ | 8.81 | 9.13 |
| *Over Fifteen Years* | | | | | | | |
| Treas 11¾pc 2003–07 | | 118¾ | −½ | 117⅞ | 110⅞ | 10.06 | 9.22 |
| 8½pc 2007 ‡‡ | | 94⅞ | −½ | 96⅛ | 89⅞ | 8.95 | 9.09 |
| 8½pc 2007 A | | 94⅞ | −½ | 96⅛ | 89⅞ | 8.95 | 9.10 |
| 13½pc '04–08 | | 130⅜ | −⅜ | 131⅞ | 123⅞ | 10.36 | 9.22 |
| 9pc 2008 ‡‡ | | 99⅛ | −⅜ | 100⅞ | 93⅞ | 9.06 | 9.08 |
| 8pc 2009 | | 90⅞ | −⅜ | 91⅜ | 85⅜ | 8.82 | 9.06 |
| Conv 9pc Ln 2011 ‡‡ | | 99⅛ | −½ | 100⅛ | 93⅞ | 9.07 | 9.06 |
| 9pc 2011 B | | 99⅛ | −⅜ | 100⅛ | 93⅞ | 9.07 | 9.05 |
| Treas. 9pc 2012 | | 100⅞ | — | 100⅞ | 93⅞ | 8.93 | 9.05 |
| Treas 5½pc 2008–12‡‡ | | 67⅛ | −⅜ | 68⅛ | 62⅞ | 8.19 | 9.05 |
| 7¾pc 2012–15‡‡ | | 86⅞ | −⅜ | 87⅞ | 81⅞ | 8.92 | 9.11 |
| Exch 12pc '13–'17 | | 129⅞ | −½ | 129⅜ | 120⅛ | 9.46 | 9.10 |
| *Undated* | | | | | | | |
| Consols 4pc | | 42⅞ | −⅜ | 43 | 39⅞ | 9.39 | − |
| War Loan 3½pc‡‡ | | 38⅜ | −⅜ | 38⅜ | 35⅜ | 9.19 | − |
| Conv 3½pc '61 Aft. | | 61⅞ | −⅜ | 62 | 59 | 5.69 | − |
| Treas 3pc '66 Aft. | | 31⅞ | −⅜ | 31⅞ | 29⅞ | 9.51 | − |
| Consols 2½pc | | 26⅞ | −⅜ | 27⅜ | 24⅞ | 9.32 | − |
| Treas. 2½pc | | 26⅞ | −⅛ | 27 | 24⅞ | 9.35 | − |

### BRITISH FUNDS – Cont.

| Index – Linked | Notes (b) | Price £ | + or - | 1992 high | 1992 low | Yield (1) | Yield (2) |
|---|---|---|---|---|---|---|---|
| Treas. 2pc '94 | (102.9) | 124⅜xd | +⅛ | 124⅞ | 122¾ | 2.87 | 3.99 |
| 2pc '96 | (67.9) | 180½ | +⅛ | 181⅞ | 175⅞ | 3.38 | 3.99 |
| 2½pc '01 | (78.3) | 144⅜ | +⅛ | 147⅞ | 143 | 4.14 | 4.47 |
| 2½pc '03 | (78.8) | 139⅜xd | +⅛ | 142⅞ | 138⅜ | 4.24 | 4.53 |
| 2pc '06 | (69.5) | 140⅛ | +⅛ | 144 | 139⅜ | 4.34 | 4.57 |
| 2½pc '09 | (78.8) | 127⅜xd | +⅛ | 131½ | 126⅜ | 4.38 | 4.57 |
| 2½pc '11 | (74.6) | 131⅛ | +⅛ | 135⅜ | 129⅞ | 4.37 | 4.58 |
| 2½pc '13 | (89.2) | 107⅞ | +⅛ | 111⅜ | 105⅜ | 4.35 | 4.54 |
| 2½pc '16 | (81.6) | 114⅜ | +⅛ | 118⅞ | 112⅞ | 4.35 | 4.52 |
| 2½pc '20 | (83.0) | 109⅞ | +⅛ | 113⅛ | 107⅞ | 4.34 | 4.52 |
| 2½pc '24‡‡ | (97.7) | 89⅞ | +⅛ | 94⅛ | 88⅞ | 4.34 | 4.45 |

*Prospective real redemption rate on projected inflation of (1) 10% and (2) 5%. (b) Figures in parentheses show RPI base for indexing, (ie 8 months prior to issue) and have been adjusted to reflect rebasing of RPI to 100 in January 1987. Conversion factor 3.945. RPI for August 1991: 134.1 and for March 1992: 136.7.*

### OTHER FIXED INTEREST

| | Notes | Price £ | + or - | 1992 high | 1992 low | Yield Int. | Yield Red. |
|---|---|---|---|---|---|---|---|
| *African Dev 11¼ 2010* | | 111⅞ | −⅜ | 112⅞ | 105⅞ | 10.70 | 9.73 |
| Asian Dev 10¼pc 2009 | | 105⅜ | −⅜ | 107⅜ | 100⅜ | 10.33 | 9.80 |
| B'ham 11½pc 2012 | | 103¼ | −⅜ | 108¼ | 102¼ | 11.33 | 10.81 |
| Ireland Cap 8½pc '10 | | 99¾ | −⅛ | 99¾ | 89¼ | 8.88 | − |
| 9pc Cap 1998 | | 91 | — | 99¼ | 91 | 9.17 | − |
| 13pc '97–02 | | 108 | — | 115½ | 108 | 11.38 | − |
| Hydro Quebec 15pc 2011 | | 137⅜ | −⅜ | 139⅞ | 130⅞ | 16.0 | 10.47 |
| Int–Am Dev 12½pc 2003 | | 118⅝ | — | 119⅛ | 112⅞ | 11.89 | 9.70 |
| 9¾pc 2015 | | 101¾ | −⅜ | 102⅞ | 96½ | 10.37 | 9.81 |
| Leeds 13½pc 2006 | | 121¼ | −½ | 122 | 116¼ | 11.89 | 10.83 |
| *Liverpool 3½pc Irred* | | 32 | — | 32½ | 30 | 11.67 | − |
| LCC 3pc '20 Aft. | | 28 | — | 28½ | 27 | 11.11 | − |
| Manchester 11½pc 2007 | | 108 | −½ | 108½ | 103¼ | 11.27 | 10.45 |
| Met. Wtr. 3pc 'B' | | 67½ | −⅛ | 67¾ | 63 | 4.77 | 9.21 |
| N'wide Anglia 3⅞pc 2021 | | 104½ | — | 106¼ | 103¼ | − | 5.65 |
| 4¼pc IL 2024 | | 104½ | — | 106½ | 103¼ | − | 5.37 |
| Utd Mex States 16½pc 2008 | | 124½ | — | 126 | 121¼ | 13.33 | 12.86 |

## CONTRACTS & TENDERS

## LEGAL NOTICES

*RESERVAIRO LIMITED*
Bedford County Court No 33 of 1991

NOTICE is hereby given that Nicholas Roger Bromfield Godden of Cork Gully, Oriel House, 55 Sheep Street, Northampton, was appointed Liquidator of the above company on 6 March 1992.

N R B GODDEN
Liquidator

## PERSONAL

## ANNOUNCEMENTS

MIDLAND BANK
Independent support of shareholders required to move certain resolutions at the forthcoming A.G.M. Send for copy of resolutions, A4 SAE (asap), write Box H6759, Financial Times, One Southwark Bridge, London SE1 9HL.

# LONDON SHARE SERVICE

## AMERICANS

| | Notes | Price £ | + or - | 1992 high | low | Mkt Cap£m | Yld Gr's |
|---|---|---|---|---|---|---|---|
| Abbott Labs | | 38¼xd | -1⅛ | 38⅛ | 34 | 15,415 | 1.9 |
| ♥Allegheny & W | | 287p | -5 | 395p | 226p | 133.8 | 6.6 |
| Amdahl | | 884p | -9 | 1188p | 815p | 898.8 | 0.7 |
| Amer Cyanamid | | 35¾ | -1¼ | 37 | 32¼ | 3,333 | 2.4 |
| Amer Express | | 13xd | +⅛ | 13⅞ | 10⅞ | 6,138 | 4.4 |
| Amer T & T | | [illegible] | — | 24⅞ | 20¾ | 32,385 | 3.0 |
| Ameritech | | 34¾ | +⅛ | 36⅜ | 32½ | 15,214 | 5.7 |
| BankAmerica | | 24⅛xd | +⅛ | 28⅞ | 13⅛ | 6,398 | 3.0 |
| Bankers NY | | 30½xd | +⅛ | 37¼ | 28⅞ | 2,513 | 9.0 |
| Bell Atlantic | | 24⅞ | +⅛ | 28¾ | 23⅛ | 9,586 | 6.0 |
| BellSouth | | 28 | — | 29⅛ | 25 | 12,654 | 6.0 |
| ♥Bethlehem Steel | | 8xd | -⅛ | 9⅞ | 7 | 611.8 | — |
| Bowater | | 1310pxd | -53 | 1579p | 1078p | 467.0 | 5.2 |
| CPC | | 49⅝xd | -⅛ | 51⅛ | 45⅞ | 3,751 | 2.7 |
| California Engy | | 674p | -31 | 893p | 648p | 122.7 | — |
| Campbell Soup | | 19⅛ | -⅜ | 20⅛ | 19 | 4,791 | 2.3 |
| Chase Manhattan | | 13⅛xd | -⅛ | 14⅜ | 9⅛ | 1,809 | 5.0 |
| Chrysler | | 10¼xd | +⅛ | 10¾ | 6⅛ | 3,142 | 3.1 |
| Citicorp | | 9⅞xd | +⅛ | 10⅞ | 5⅛ | 3,311 | — |
| Colgate-Palm | | [illegible] | -⅛ | 28⅞ | 25⅛ | 4,416 | 2.1 |
| Cont'l Bank | | 1007p | -17 | 1024p | 499p | 1,017 | 3.4 |
| Dana | | 24⅛xd | +1⅛ | 24⅛ | 14⅜ | 698.5 | 3.7 |
| Data General | | 528p | +20 | 1004p | 508p | 145.7 | — |
| Dial | | 21⅞xd | -⅛ | 24⅛ | 19⅛ | 888.5 | 2.9 |
| Dun & Brad | | 32⅛ | -⅛ | 33½ | 28⅞ | 5,732 | 4.0 |
| Eaton | | 46⅞ | -1⅛ | 48½ | 32½ | 1,848 | 2.7 |
| Echlin | | 10⅛xd | -⅛ | 11 | 7⅛ | 665.4 | 3.9 |
| FPL | | 19⅝xd | +⅛ | 19⅞ | 18⅛ | 3,826 | 6.9 |
| Fluor | | 24⅛xd | +1⅛ | 27 | 21 | 2,808 | 0.9 |
| Ford Motor | | 24½xd | +1⅛ | 24½ | 15 | 11,598 | 2.3 |
| Gen Elect | | 45xd | +⅛ | 46⅛ | 40⅛ | 38,885 | 2.6 |
| ♥General Host | | 479p | -24 | 555p | 360p | — | 4.2 |
| Gillette | | 28⅛xd | -1⅞ | 29⅞ | 26⅝ | 6,148 | 1.2 |
| Hasbro | h | [illegible] | -⅛ | 16 | 12⅞ | 1,298 | 0.5 |
| Honeywell | | 41xd | -⅝ | 42 | 34⅛ | 2,802 | 2.3 |
| Houston Inds | | 24⅞ | +⅛ | 24⅞ | 23 | 3,286 | 6.7 |
| IBM | | 51⅛xd | +⅛ | 54½ | 46⅛ | 29,298 | 5.3 |
| Ingersoll-Rand | | 35⅛xd | +⅛ | 38⅛ | 26⅜ | 1,828 | 2.1 |
| Lockheed | | 28⅞ | +⅞ | 28⅞ | 22⅞ | 1,808 | 4.2 |
| Lowe's | | [illegible] | -12 | 2478p | 1631p | 888.7 | 1.4 |

## CANADIANS

## BANKS

## BREWERS & DISTILLERS

## BUILDING MATERIALS

## BUILDING MATERIALS - Cont.

## BUSINESS SERVICES

## CHEMICALS

## CONGLOMERATES

## CONTRACTING & CONSTRUCTION

## CONTRACTING & CONSTRUCTION - Cont.

## ELECTRICALS

## ELECTRICITY

## ELECTRONICS

## ENGINEERING - AEROSPACE

## ENGINEERING - GENERAL

## ENGINEERING - GENERAL - Cont.

## FOOD MANUFACTURING

## FOOD RETAILING

## HEALTH & HOUSEHOLD

## HOTELS & LEISURE

## INSURANCE BROKERS

## INSURANCE COMPOSITE

## INSURANCE LIFE

## INVESTMENT TRUSTS

## INVESTMENT TRUSTS - Cont.

# LONDON SHARE SERVICE

## INVESTMENT TRUSTS - Cont.

| | Notes | Price | + or - | 1992 high | 1992 low | Yld Gr's | NAV | Dis or Pm(-) |
|---|---|---|---|---|---|---|---|---|
| Scot National Inc. | | 94 | — | 107 | 83½ | 12.8 | – | – |
| Cap | | 31 | +1 | 42 | 12½ | – | 39.2 | 22.5 |
| Stepped Pf | † | 125 | — | 125 | 120 | 8.2 | – | – |
| Zero Div Pf | | 176½ | +½ | 176½ | 166½ | – | – | – |
| Warrants | | 5½ | — | 9 | 3½ | – | – | – |
| Scot Value | a | 58 | — | 58 | 48 | 2.9 | 62.0 | 6.5 |
| Sec Alliance | † | [illegible] | -1 | 1228 | [illegible] | 3.9 | 1358.4 | 12.6 |
| Second Market | s | 238xd | — | 238 | [illegible] | 8.6 | 279.3 | 14.8 |
| Sec Tel Scot | † | 72 | -½ | 73 | 63 | 5.7 | 74.3 | 2.4 |
| Select Assets | | 101 | — | 102½ | 99 | 7.2 | 131.1 | 22.8 |
| Eq Ind Ser I | | 117xd | +1 | 117 | 109 | 4.8 | – | – |
| Eq Ind Ser II | | 117xd | +1 | 117 | 109 | 4.8 | – | – |
| Shires | † | 232 | +2 | 233 | 195 | 10.2 | 237.1 | 2.1 |
| 11pc Cv Ln '03/04 | | £112½ | — | £112½ | £95½ | 9.8 | – | – |
| Siam Select | | 88 | — | 91 | 85 | 1.8 | 103.2 | 16.8 |
| Warrants | | 18 | — | 21 | 17 | – | – | – |
| Smaller Cos | | 75 | — | 78 | 67 | 4.4 | 84.5 | 11.2 |
| Warrants | | 13 | — | 16 | 10 | – | – | – |
| Sphere Inc | | 18 | — | 20 | 14¾ | 28.7 | 23.7 | 24.2 |
| Zero Div Pf | | 78¾ | +½ | 78¾ | 65¾ | – | – | – |
| Warrants | | ¾ | — | 1½ | ¾ | – | – | – |
| Stratton | | 153 | — | 168 | 147 | 1.6 | 186.9 | 18.1 |
| Summit | | 43 | — | 58 | 38 | 3.9 | 189.3 | 82.7 |
| TR City of Lon | M | 116½xd | +1 | 115¾ | 97½ | 3.5 | 115.8 | 0.2 |
| TR Euro Growth | s | 85 | — | 88 | 63 | 1.5 | 100.0 | 15.0 |
| Ptg Sub | s | [illegible] | — | 64 | 50 | 2.7 | – | – |
| TR Far East Inc | M | 92 | -1 | 94 | 76 | 8.6 | 100.2 | 8.2 |
| Warrants | | 15 | -1 | 18 | 12 | – | – | – |
| TR High Inc | | 99xd | +1 | 100 | 91 | 4.1 | 98.5 | 0.5 |
| Sub | p | 29 | — | 35 | 28 | 8.7 | – | – |
| TR Pacific | s | 92½ | -½ | 93 | 71 | 8.4 | 95.0 | 2.7 |
| TR Prop | | 22 | — | 27 | 20 | 8.8 | 33.2 | 33.8 |
| TR Smaller | | 137 | — | 139 | 118½ | 3.8 | 147.7 | 7.3 |
| TR Technology | M | 33 | — | 37 | 25 | 7.7 | 104.1 | 68.3 |
| Stepped Pf | | 98¾ | +½ | 98¾ | 89¾ | 7.6 | – | – |
| Zero Pf | | 171½ | — | 174½ | 154½ | – | – | – |

## INVESTMENT COMPANIES

## MEDIA

## MERCHANT BANKS

## METALS & METAL FORMING

## MISCELLANEOUS

## MOTORS

## OIL & GAS

## OIL & GAS - Cont.

## OTHER FINANCIAL

## OTHER INDUSTRIAL MATERIALS

## STORES

## PACKAGING, PAPER & PRINTING

## PACKAGING, PAPER & PRINTING - Cont.

## PROPERTY

## TRANSPORT

## WATER

## SOUTH AFRICANS

## PLANTATIONS

## MINES

## STORES - Cont.

## TELEPHONE NETWORKS

## TEXTILES

## MINES - Cont.

## GUIDE TO LONDON SHARE SERVICE

- Indicates the most actively traded stocks. This includes UK stocks where transactions and prices are published continuously through the Stock Exchange Automated Quotations system (SEAQ) and non-UK stocks which are quoted on SEAQ International.
- "Tap Stock"
- * Highs and lows marked thus have been adjusted to allow for rights issues for cash
- † Interim since increased or resumed
- ‡ Interim since reduced, passed or deferred
- ‡‡ Tax-free to non-residents on application
- ● Figures or report awaited
- Not officially UK listed; dealings permitted under rule 535(4)(a)
- USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- ‡‡ Not officially UK listed; dealings permitted under Rule 535(2)
- ¶ Price at time of suspension
- Indicated dividend yield after pending scrip and/or rights issue.
- Merger bid or reorganisation in progress
- Forecast dividend yield; p/e based on earnings updated by latest interim statement.
- Unregulated collective investment scheme.

a Yield based on annualised dividend. b Figures based on prospectus or other offical estimates. c Cents. f Flat yield. g Assumed dividend yield after rights issue. h Assumed dividend yield after scrip issue. n Rights issue pending. q Earnings based on preliminary figures. s Dividend yield excludes a special payment. t Indicated dividend yield, p/e ratio based on latest annual earnings. u Forecast, or estimated annualised dividend yield, p/e based on previous year's earnings. v Subject to local tax. z Dividend yield includes a special payment. E Minimum tender price. F Yield based on prospectus or other official estimates for 1990-91. G Assumed yield after pending scrip and/or rights issue. H Yield based on prospectus or other official estimates for 1990. K Yield based on prospectus or other official estimates for 1992-93. L Estimated annualised yield, p/e based on latest annual earnings. M Yield based on prospectus or other official estimates for 1991-92. N Yield based on prospectus or other official estimates for 1992. P Figures based on prospectus or other official estimates for 1991. R Forecast annualised yield, p/e based on prospectus or other official estimates. T Figures assumed. W Pro forma figures. Z Dividend yield to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xc ex capital distribution.

This service is available to companies whose shares are regularly traded in the United Kingdom for a fee of £1200 a year for each security shown, subject to the Editor's discretion.

# FT MANAGED FUNDS SERVICE

● Current Unit Trust prices are available on FT Cityline. Calls charged at 36p/minute cheap rate and 48p/minute at all other times. To obtain a free Unit Trust Code Booklet ring (071) 925-2128.

## AUTHORISED UNIT TRUSTS

[illegible]

### Guide to pricing of Authorised Unit Trusts

Compiled with the assistance of Lautro

**INITIAL CHARGE:** [illegible]

**OFFER PRICE:** Also called issue price. [illegible]

**BID PRICE:** Also called redemption price. [illegible]

**CANCELLATION PRICE:** [illegible]

**TIME:** [illegible]

**HISTORIC PRICING:** [illegible]

**FORWARD PRICING:** [illegible]

**SCHEME PARTICULARS AND REPORTS:** [illegible]

Other explanatory notes are contained in the last column of the FT Managed Funds Service.

[illegible]

# FT MANAGED FUNDS SERVICE

● Current Unit Trust prices are available on FT Cityline. Calls charged at 36p/minute cheap rate and 48p/minute at all other times. To obtain a free Unit Trust Code Booklet ring (071) 925-2128.

| | Init Chrge | Canc. Price | Bid Price | Offer Price | + or - | Yield Grs |
|---|---|---|---|---|---|---|
| **Stewart Ivory Unit Tst Mgrs Ltd (1200)H** | | | | | | |
| 45 Charlotte Sq, Edinburgh 031-226 3271 | | | | | | |
| American ♥ | 5 | 285.7 | 285.7 | 305.0 | -4.9 | 0.75 |
| (Accum Units) ♥ | 5 | 336.3 | 336.3 | 359.0 | -5.8 | 0.75 |
| British | 5 | 824.1 | 841.1xd | 889.9 | +2.7 | 5.61 |
| (Accum Units) | 5 | 1392.0 | 1410.5 | 1492.4 | +4.6 | 5.61 |
| European | 5 | 336.3 | 336.3 | 356.9 | +1.4 | 1.42 |
| (Accum Units) | 5 | 364.5 | 364.5 | [illegible] | +1.5 | [illegible] |
| Japan | 5 | [illegible] | [illegible] | [illegible] | -1.61 | - |
| (Accum Units) | 5 | [illegible] | [illegible] | [illegible] | [illegible] | - |
| New Pacific | 5 | 196.7 | 196.7 | 210.1 | +0.4 | 1.66 |
| (Accum Units) | 5 | 202.0 | 202.0 | 215.8 | +0.4 | 1.66 |
| PEP Apr 15 | 5 | 156.5 | 158.1 | 167.3 | +2.1 | 3.66 |
| Mngd Equity | 5 | 127.4 | 128.7 | 136.2 | -0.3 | 2.80 |
| Mngd Equity Acc | 5 | 135.2 | 136.6 | 144.5 | -0.3 | 2.80 |
| Mngd Cash | 0 | 95.75 | 95.75xd | 95.75 | [illegible] | [illegible] |
| (Accum Units) | 0 | 120.3 | 120.3 | 120.3 | [illegible] | [illegible] |
| Majority Stkg | [illegible] | [illegible] | [illegible] | [illegible] | +0.20 | [illegible] |
| Majority Stkg Acc | [illegible] | [illegible] | 110.71 | [illegible] | +0.1 | 4.41 |
| **Storebrand Intl Inv Mngrs Ltd (1200)F** | | | | | | |
| Admin: 5 Rayleigh Rd, Hutton, Brentwood, Essex | | | | | | |
| Enquiries: 0277 227300 Dealing: 0277 261010 | | | | | | |
| International Mar 13 | 0 | 50.61 | 50.61 | 51.01 | - | 2.69 |
| **Sun Alliance Unit Tst Mngmt Ltd (1200)F** | | | | | | |
| St Mark's Court, Horsham 0403 232323 | | | | | | |
| Equity | 6 | 626.5 | 626.5 | 670.1 | -3.5 | 2.93 |
| North America | 6 | [illegible] | [illegible] | [illegible] | [illegible] | 0.41 |
| Far East | 6 | 83.56 | 83.56 | 89.40 | -0.80 | 0.68 |
| W'wide Bond | 6 | 47.56 | 47.56xd | 50.60 | [illegible] | 4.74 |
| European | 6 | [illegible] | 68.09 | 72.52 | [illegible] | 1.57 |
| Equity Income | 6 | [illegible] | [illegible] | [illegible] | [illegible] | 5.50 |
| Portfolio | 6 | [illegible] | [illegible] | [illegible] | [illegible] | 2.39 |
| Broker Trusts | | | | | | |
| Worldwide Growth | 6 | 47.00 | 47.00 | 50.00 | - | 2.23 |
| **Sun Life of Canada Unit Mgrs Ltd (1000)H** | | | | | | |
| Basingview, Basingstoke, Hants 0800 525725 | | | | | | |
| American Growth | 6 | 27.30 | 27.30 | 29.20 | (z) | 0.60 |
| Managed Assets | 6 | 103.82 | 104.43 | 111.69 | (z) | 4.35 |
| UK Income | 6 | 31.97 | 32.37 | 34.63 | (z) | 6.19 |
| UK Growth | 6 | 32.12 | 32.45 | 34.71 | (z) | 4.08 |
| Worldwide Growth | 6 | 23.83 | 23.83 | 25.49 | (z) | 1.00 |
| **Sun Life Trust Mngmt Ltd (1200)H** | | | | | | |
| 101, Cannon St, London EC4N 5AD | | | | | | |

| | Bid Price | Offer Price | + or - | Yield Gross |
|---|---|---|---|---|
| **M & G Securities Ltd** | | | | |
| Charifund Apr 16 | 106.67 | | -0.2 | 10.11 |
| (Accum Units) | 645.67 | | -0.8 | 10.11 |
| NAACIF Apr 14 | 41.75 | | - | 9.4 |
| **Morgan Grenfell Investment Funds Ltd** | | | | |
| Exempt Funds | | | | |
| UK Equity † Apr 14 | 132.8 | 142.4 | - | 1.90 |
| UK Small Co † Apr 14 | 509.1 | 560.1 | - | 3.58 |
| Fixed Interest † Apr 14 | 112.4 | 118.3 | - | 8.46 |
| US Small Co Apr 14 | 163.1 | 174.5 | - | 0.00 |
| Managed Apr 14 | 109.3 | 117.0 | - | 3.40 |
| Intl Bond Apr 14 | 118.3 | 124.7 | - | 10.32 |
| Japan Apr 14 | 58.14 | 61.98 | - | 4.73 |
| European Apr 14 | 90.72 | 97.160 | - | 1.74 |
| Nth American Apr 14 | 117.3 | 126.3 | - | 1.29 |
| **Murray Johnstone UT Mngmt** | | | | |
| Murray Exempt Funds | | | | |
| Amer Expt Apr 22 | 56.09 | 58.34 | +0.93 | 1.70 |
| Euro Expt Apr 22 | 53.54 | 56.01 | +0.77 | 2.43 |
| Fixed Int. Ex Apr 22 | 49.39 | 49.59 | +0.03 | 8.77 |
| Japan Expt Apr 22 | 35.55 | 36.98 | +0.12 | 0.89 |
| Managed Ex Apr 16 | 45.18 | 46.98xd | +2.18 | 4.19 |
| SE Asia Expt Apr 22 | 76.55 | 80.36xd | +3.06 | 2.56 |
| Sm Cos Expt Apr 22 | 36.60 | 38.43 | +0.82 | 3.23 |
| UK Eqty Ex Apr 22 | 44.80 | 47.04 | +1.33 | 3.69 |
| **Phillips & Drew Fund Management Ltd** | | | | |
| Small Co's Mar 4 | 656.40 | 698.77 | - | 4.04 |
| Do Accum | 761.45 | 810.61 | - | 4.04 |
| Int Expt Apr 9 | 188.68 | 189.75xd | - | 1.71 |
| UK Index Mar 4 | 1136.99 | 1158.06 | - | 4.53 |
| Do Accum | 1258.32 | 1273.91 | - | 4.53 |
| Convertible Apr 13 | 94.05 | 97.03xd | - | 8.96 |
| World ex UK Index Apr 21 | 740.61 | 749.17 | +14.71 | 2.25 |
| Do Accum | 740.61 | 749.17 | [illegible] | 2.25 |
| Japan Index Apr 21 | 425.31 | 431.80 | +8.96 | 0.98 |
| Do Accum | 427.8 | 433.51 | +9.0 | 0.98 |
| USA Index Apr 21 | 1067.59 | 1074.7 | +21.34 | 3.02 |
| Do Accum | 1112.82 | 1120.23 | +22.24 | 3.02 |
| Europe ex UK Index Apr 21 | 914.74 | 928.77 | +12.13 | 3.17 |
| Do Accum | 951.29 | 965.88 | +12.61 | 3.17 |
| Pacific ex Jap Index Apr 21 | [illegible] | [illegible] | [illegible] | [illegible] |
| Do Accum | [illegible] | [illegible] | [illegible] | [illegible] |

## INSURANCES

## OTHER UK UNIT TRUSTS

Continued on next page

# FT MANAGED FUNDS SERVICE

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### Norwich Union Life Insurance Soc.-Contd.

| | Bid Price | Offer Price | + or - | Yield Gross |
|---|---|---|---|---|
| Pensionvestor* & Unit-Linked Plus* | | | | |
| Mixed Fund | 456.2 | 480.2 | -33.5 | - |
| Ordinary Share Fund | 702.7 | 739.7 | +75.0 | - |
| International Fund | 167.6 | 176.4 | +3.2 | - |
| Property Fund | 259.3 | 272.9 | +0.4 | - |
| Fixed Interest Fund | 407.0 | 428.4 | +18.7 | - |
| Index-Linked Sec Fund | 189.1 | 199.1 | +1.6 | - |
| Deposit Fund | 280.0 | 294.7 | +0.5 | - |
| Norwich Units Mar 14 | 1048.63 | | | - |

*Prices as at April 14

| | Bid Price | Offer Price | + or - | Yield Gross |
|---|---|---|---|---|
| With Profits Fund | 123.76 | 130.27 | +0.17 | - |
| Intl Equity Fund | 92.49 | 97.36 | -0.73 | - |
| Intl Bond Fund | 119.65 | 125.95 | -0.43 | - |

### Norwich Union Pensions Management Ltd

Surrey Street, Norwich, NR1 3NG 0603 683335

| | Bid Price | Offer Price | + or - | Yield Gross |
|---|---|---|---|---|
| Group Pooled Pensions | | | | |
| Balanced Managed Fd | 327.90 | 333.47 | +0.95 | - |
| Growth Managed Fd | 109.14 | 111.10 | +0.41 | - |
| Sentinel Managed Fd | 107.18 | 108.55 | +0.24 | - |

Prices as at April 16

### Pearl Assurance (Unit Funds) Ltd

Lynch Wood, Peterborough PE2 6FY 0733 470470

| | Bid Price | Offer Price | + or - | Yield Gross |
|---|---|---|---|---|
| Property Dist. (Gross) | 134.5 | 141.6 | +0.3 | - |
| Property Acc. (Gross) | 256.3 | 269.8 | +0.5 | - |
| Equity (Gross) | 898.7 | 946.0 | -7.5 | - |
| Managed (Gross) | 623.6 | 656.4 | -3.9 | - |
| Property Acc. (Net) | 122.4 | 128.8 | +0.2 | - |
| Equity (Net) | 207.8 | 218.7 | -1.6 | - |
| Managed (Net) | 191.8 | 201.9 | -1.0 | - |
| International (Net) | 166.2 | 174.9 | -1.5 | - |
| Gilt & Fixed Interest | 138.5 | 145.8 | -0.3 | - |
| Money Fund | 138.1 | 145.4 | +0.2 | - |
| Mixed Fund (Cap). | 112.4 | 118.4 | | - |
| Mixed Fund (Acc). | 116.0 | 122.2 | | - |
| Pearl Assurance (Unit Linked Pens) Ltd | | | | |
| Ret Man (Series 1) | 678.9 | 714.7 | -4.4 | - |
| Ret Man (Series 2) | 230.2 | 242.4 | -1.5 | - |
| Ret Cash | 193.6 | 203.8 | +0.3 | - |
| Pens Mixed Fd (Cap) | 124.8 | 131.4 | | - |
| Pens Mixed Fd (Acc) | 128.7 | 135.5 | | - |
| Pens Stlg Fd (Cap) | 102.2 | 107.6 | | - |

[illegible]

### Provident Mutual Life Assc. Assn. -Contd.

| | Bid Price | Offer Price | + or - | Yield Gross |
|---|---|---|---|---|
| Fixed Interest Ord. | 224.1 | 235.9 | -0.8 | - |
| Fixed Interest Init | 164.5 | 173.2 | -0.7 | - |
| Deposit Ord. | 184.6 | 194.3 | +0.2 | - |
| Deposit Init | 135.5 | 142.6 | | - |
| Pension Funds | | | | |
| Managed Ord | 465.0 | 489.5 | -1.4 | - |
| Managed Init. | [illegible] | 359.4 | -1.1 | - |
| Equity Ord | 724.1 | [illegible] | -2.1 | - |
| Equity Init. | 531.6 | 559.6 | -1.8 | - |
| Pen Ind Lkd Gilt Ord | 179.0 | 188.4 | +0.3 | - |
| Pen Ind Lkd Gilt Init. | 137.3 | 144.5 | [illegible] | - |
| Overseas Equity Ord. | 305.9 | 322.0 | -2 | - |
| Overseas Equity Init. | 224.6 | 236.4 | -1.6 | - |
| Property Ord | 279.5 | 294.2 | +0.2 | - |
| Property Init | 205.2 | 216.0 | +0.1 | - |
| Fixed Interest Ord | 284.1 | 299.1 | -0.8 | - |
| Fixed Interest Init | 208.6 | 219.6 | -0.7 | - |
| Deposit Ord | 263.8 | 277.7 | [illegible] | - |
| Deposit Init. | 193.7 | [illegible] | [illegible] | - |

### Prudential Assurance Co

Holborn Bars, London EC1N 2NH 071-405 9222

| | Bid Price | Offer Price | + or - | Yield Gross |
|---|---|---|---|---|
| Prubond | | | | |
| Managed Mar 11 | 260.4 | 271.3 | .. | - |

### Prudential Corporate Pension Funds

1 Stephen St, London W1P 2AP 071-548 3281

| | Bid Price | Offer Price | + or - | Yield Gross |
|---|---|---|---|---|
| Prudential Managed Funds | | | | |
| Discretionary Apr 8 | £184.82 | 190.57 | | - |
| Equity Apr 8 | £211.43 | 219.20 | | - |
| International Apr 8 | £27.06 | 27.64 | | - |
| Intl Bond Apr 8 | £14.48 | 14.67 | | - |
| Fixed Int Apr 8 | £103.59 | 104.76 | | - |
| Index Linked Apr 8 | £71.77 | 72.67 | | - |
| Property Apr 8 | £108.59 | 114.62 | | - |
| Cash Apr 8 | £30.2087 | 30.2087 | | - |
| Pru-Linked Retirement Plan | | | | |
| Managed Apr 14 | 449.3 | 468.1 | .. | - |
| Cash Apr 14 | 277.7 | 289.3 | | - |
| Prudential Pensions Investment Account | | | | |
| Pens Mngd Apr 21 | [illegible] | 197.1 | -1.2 | - |
| Pens Uk Eq Apr 21 | 328.5 | 354.2 | -2.3 | - |

[illegible]

## OFFSHORE INSURANCES

[illegible]

## MANAGEMENT SERVICES

[illegible]

## OFFSHORE AND OVERSEAS

### BERMUDA (SIB RECOGNISED)

[illegible]

### CANADA (SIB RECOGNISED)

[illegible]

### GUERNSEY (SIB RECOGNISED)

[illegible]

### GUERNSEY (REGULATED)

[illegible]

### IRELAND (SIB RECOGNISED)

[illegible]

### IRELAND (REGULATED)

[illegible]

### ISLE OF MAN (SIB RECOGNISED)

[illegible]

# FT MANAGED FUNDS SERVICE

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| | Bid Price | Offer Price | + or - | Yield Gross |
|---|---|---|---|---|
| **CMI Fund Managers (IoM)** | | | | |
| Clerical Medical Hse, Douglas, IoM 0624 625599 | | | | |
| **CMI Core Portfolio Fund** | | | | |
| UK 5 | £-1.0456 | 1.1199 | | – |
| USA 5 | £-1.0717 | 1.1371 | | – |
| Japan 5 | £-0.4395 | 0.4639 | | – |
| **Equity & Law Intl Fund Mngrs Ltd** | | | | |
| Victory Hse, Prospect Hill, Douglas IoM 0624 677877 | | | | |
| Total Income Fd 5 95.89 | 96.13 | 101.17 | +0.28 | 10.2 |
| **Gartmore Fund Managers (IoM)** | | | | |
| PO Box 32, Douglas, IoM 0624 627610 | | | | |
| Intl Grth 5¼ 489.9 | 489.9 | 525.1 | -1.9 | 0.9 |
| **Leopold Joseph Fund Mngrs (IoM) Ltd** | | | | |
| PO Box 52 Athol St Douglas IoM 0624 661020 | | | | |
| L.J. International 5¼ 94.17 | 94.17 | 101.41 | -0.40 | – |
| **Mercury Fund Managers IoM Ltd** | | | | |
| 11 Hill Street, Douglas IoM 0624 662255 | | | | |
| Merc IoM Fund 5 104.1 | 104.1 | 111.1 | -0.60 | 6.9 |
| Merc Intl Bond 5 50.25 | 50.25 | 52.81 | -0.09 | 8.5 |
| **Sun Life Management (IoM) Ltd** | | | | |
| PO Box 178, Douglas, IoM 0624 622444 | | | | |
| Secure High Income 6 | 1.0424 | 1.1173 | | 8.06 |
| **Unibank Scandinavian Fund Ltd** | | | | |
| 23 Bucks Road, Douglas, IoM 0624 626484 | | | | |
| Scandinavia Fd 5 | – 138.04 | 147.18 | +1.26 | 1.0 |

## ISLE OF MAN (REGULATED)(**)

| | Bid Price | Offer Price | + or - | Yield Gross |
|---|---|---|---|---|
| **ATC Fund Management (SG) Ltd** | | | | |
| SG International | $10.57 | | | – |
| **CMI Fund Mngrs (IOM)** | | | | |
| Traders Fund Ltd | $17.24 | 18.63 | | – |
| *Dealings Wednesday | | | | |
| **City Financial Admin (IoM) Ltd** | | | | |
| Beckman Option & Warrants | 68.0 | 81.0 | +0.07 | 0.00 |
| Beckman Option & Warrants $ | 51.17 | 1.40 | +0.04 | 0.00 |
| Beckman Reserve Assets | 105 | 106 | +1.00 | 2.67 |
| **Duncan Lawrie Inv. Mgt. Ltd** | | | | |
| DL Sterling | 122.8 | 129.0 | | 5.0 |
| DL International | $1.53 | 1.62 | | 1.0 |

| | Init Charge | Canc. Price | Bid Price | Offer Price | + or - | Yield Gr's |
|---|---|---|---|---|---|---|
| **EBC Trust Company (Jersey) Ltd.** | | | | | | |
| EBC Amro Trusted Currency Fund Ltd* | | | | | | |
| Income | | | $15.19 | 15.66 | | 2.75 |
| Capital | | | $23.64 | 24.39 | | 3.50 |
| *Offer price includes 3% prelim charge | | | | | | |
| International Income Fund | | | | | | |
| Eurobd Long Term* | | | $33.19 | 34.70 | | 4.87 |
| *Offer Price includes 3½% Initial Charge | | | | | | |
| **Equitilink International Mngt Ltd** | | | | | | |
| First Aust Prime Inc Inv Co Ltd NAV Apr 16 C$10.87 | | | | | | |
| First Aust Prime Inc Inv Co Ltd NAV Apr 16 US$10.59 | | | | | | |
| NAV Diluted to reflect exercise of all Wrts C$12.85 US$12.52 | | | | | | |
| **Fidelity Investment (CI) Ltd** | | | | | | |
| Sterling American | | | £2.437 | 2.586 | -0.047 | – |
| **Fleming Group** | | | | | | |
| Robert Fleming Management (Jersey) Ltd | | | | | | |
| Deutschland Inv Co NAV | | | DM16.53 | | (z) | – |
| **Foreign & Colonial Mngmt (Jersey) Ltd** | | | | | | |
| Foreign & Colonial Reserve Asset Fd Ltd | | | | | | |
| US$ Cash | | | $10.66 | | -0.01 | – |
| Multicurrency Cash | | | $16.41 | | | – |
| Sterling Cash | | | £11.76 | | +0.01 | – |
| US$ Bonds | | | $14.62 | | -0.11 | – |
| Multicurrency Bonds | | | $19.35 | | -0.08 | – |
| Sterling Bonds | | | £13.20 | | -0.03 | – |
| D Mark Bonds | | | DM10.46 | | -0.01 | – |
| Ecu Bonds | | | Ecu11.68 | | | – |
| UK Equities | | | £10.74 | | +0.01 | – |
| US Equities | | | $16.49 | | +0.04 | – |
| Japanese Equities | | | Y392 | | -0.39 | – |
| Global Equities | | | $10.42 | | -0.23 | – |
| **John Govett Management (Jersey) Ltd** | | | | | | |
| | | | $10.40 | | | – |
| | | | $8.02 | | | – |
| Paragon Fd NAV Mar 31 | | | $10.29 | | | – |
| Paragon Redemption | | | $9.99 | | | – |
| | | | 104.37 | | | – |
| For Holborn Fund Mngrs see Prudential Fund Mngrs | | | | | | |
| **INVESCO MIM International Limited** | | | | | | |
| All Funds deal daily except where indicated. | | | | | | |
| Sterling Denominated Income Funds | | | | | | |
| American Equity Inc | | | £1.515 | 1.625 | -0.027 | 2.90 |
| Japan Inc & Gwth | | | £1.188 | 1.275 | -0.003 | 3.2 |
| Sterling Denominated Growth Funds | | | | | | |
| Capital Deposit | | | £36.97 | 35.98 | +0.01 | – |

## JERSEY (SIB RECOGNISED)

## JERSEY (REGULATED)(**)

## LUXEMBOURG (SIB RECOGNISED)

## LUXEMBOURG (REGULATED)(**)

## SWITZERLAND (SIB RECOGNISED)

## OTHER OFFSHORE FUNDS

### MANAGED FUNDS NOTES

# CURRENCIES, MONEY AND CAPITAL MARKETS

## FOREIGN EXCHANGES

# Lack of data slows trade

A LACK of fresh economic data and lethargy after the long weekend led to an extremely quiet day on the foreign exchanges yesterday.

"There has been no real news to stimulate the market into any sort of activity," said Mr David Cocker, treasury adviser at Chemical Bank, who described the day as "torpid".

Analysts said a small rally by the dollar in late trading was more the result of speculative money moving around than reaction to any news.

However, both the dollar and sterling benefitted to a certain extent from a wobbly D-Mark which weakened in the wake of the Mr Theo Waigel, the German finance minister's warning at the weekend that Germany faced four years of tight financial policies with public spending growth limited to 2.5 per cent per year.

Mr Waigel said there would be no new spending commitments without compensatory cut-backs in spending elsewhere, a comment which prompted immediate rumours that the Germans might be pressured to lower interest rates at the Group of Seven meeting this weekend.

The US currency closed in London at DM1.6690 after Thursday's close of DM1.6650. In late Asian trading the dollar ended slightly higher against the Yen at Y134.47 and DM1.6655.

In the US the dollar broke out of a narrow range in early trading to hit a peak of DM1.6696.

Sterling remained well supported, hovering above DM2.91 throughout the day. However traders said the UK currency was still having great difficulty breaking resistance in the DM2.9180 to DM2.9220 area.

Figures for retail sales and trade data, due on Friday, are likely to be down-played by the markets as "pre-election" data presenting a distorted month on month comparison because of uncertainty caused by the election.

The main currencies in the European Monetary System ended a quiet day little changed from the end of last week.

The D-Mark, under slight pressure from the generally stronger dollar, drifted lower against the lira and French franc but gained a fraction on sterling. Overall, it eased to 20 per cent of its allowed swing above its central Ecu rate from 22 per cent on Thursday.

The French franc closed at DM3.3793/98, a new 12-month high and up from DM3.3798/3803 on Thursday, as the market continued to show its approval of former finance minister Pierre Beregovoy's appointment as prime minister on April 2.

The lira, which had weakened at the start of the month on uncertainty surrounding Italy's general election, rose to DM750.80/90 from DM751.55/65 on Thursday.

● The Spanish peseta has been added to the exchange cross-rates table.

### £ IN NEW YORK

| Apr.21 | Latest | Previous Close |
|---|---|---|
| £ Spot | 1.7485-1.7495 | 1.7485-1.7495 |
| 1 month | 1.03-1.01pm | 0.93-0.91pm |
| 3 months | 2.70-2.67pm | 2.67-2.64pm |
| 12 months | 8.77-8.67pm | 8.75-8.65pm |

Forward premiums and discounts apply to the US dollar

### STERLING INDEX

| | Apr 21 | Previous |
|---|---|---|
| 8.30 am | 91.6 | 91.7 |
| 9.00 am | 91.6 | 91.7 |
| 10.00 am | 91.6 | 91.7 |
| 11.00 am | 91.7 | 91.7 |
| Noon | 91.7 | 91.8 |
| 1.00 pm | 91.7 | 91.7 |
| 2.00 pm | 91.7 | 91.6 |
| 3.00 pm | 91.7 | 91.6 |
| 4.00 pm | 91.7 | 91.6 |

### CURRENCY RATES

| Apr 21 | Bank § rate % | Special * Drawing Rights | European † Currency Unit |
|---|---|---|---|
| Sterling | – | N/A | 0.703472 |
| U.S. Dollar | 3.50 | 1.36204 | 1.23213 |
| Canadian $ | 7.49 | 1.60707 | 1.45404 |
| Austrian Sch | 7.50 | N/A | 14.4320 |
| Belgian Franc | 8.50 | N/A | 42.1851 |
| Danish Krone | 9.50 | N/A | 7.93801 |
| D-Mark | 8.00 | N/A | 2.05064 |
| Dutch Guilder | 8.50 | N/A | 2.30840 |
| French Franc | 10¼ | N/A | 6.93135 |
| Italian Lira | 12 | N/A | 1541.40 |
| Japanese Yen | 3.75 | 182.786 | 165.377 |
| Norway Krone | – | N/A | 8.02204 |
| Spanish Peseta | – | N/A | 128.582 |
| Swedish Krona | 10.00 | N/A | 7.41004 |
| Swiss Franc | 7.00 | N/A | 1.89810 |
| Greek Drach | 19 | N/A | 239.760 |
| Irish Punt | – | N/A | 0.768401 |

§ Bank rate refers to central bank discount rates. These are not quoted by the UK, Spain and Ireland. † European Commission Calculations. * All SDR rates are for Apr.20

### CURRENCY MOVEMENTS

| Apr 21 | Bank of England Index | Morgan** Guaranty Changes % |
|---|---|---|
| Sterling | 91.7 | -20.3 |
| U.S. Dollar | 65.1 | -13.0 |
| Canadian Dollar | 102.0 | -1.0 |
| Austrian Schilling | 110.0 | +12.3 |
| Belgian Franc | 111.3 | -2.0 |
| Danish Krone | 108.9 | +2.9 |
| D-Mark | 118.2 | +24.7 |
| Swiss Franc | 103.6 | +11.8 |
| Dutch Guilder | 114.1 | +16.0 |
| French Franc | 103.7 | -12.4 |
| Lira | 98.6 | -20.0 |
| Yen | 138.2 | +71.0 |
| Peseta | 107.6 | -18.4 |

Morgan Guaranty changes, average 1980-1982=100. Bank of England Index (Base Average 1985=100). **Rates are for Apr 20

### OTHER CURRENCIES

| Apr 21 | £ | $ |
|---|---|---|
| Argentina | 1.7345 - 1.7375 | 0.9900 - 0.9910 |
| Australia | 2.2800 - 2.2900 | 1.3060 - 1.3070 |
| Brazil | 3925.20 - 3927.80 | 2240.40 - 2240.60 |
| Finland | 7.9230 - 7.9365 | 4.5285 - 4.5315 |
| Greece | 339.670 - 340.400 | 194.500 - 194.800 |
| Hong Kong | 13.5490 - 13.5620 | 7.7405 - 7.7425 |
| Iran | 2495.00* | 1430.00* |
| Korea(Sth) | 1349.70 - 1370.45 | 773.20 - 782.40 |
| Kuwait | 0.51770 - 0.51830 | 0.29550 - 0.29580 |
| Luxembourg | 60.00 - 60.10 | 34.30 - 34.40 |
| Malaysia | 4.4515 - 4.4630 | 2.5450 - 2.5470 |
| [illegible] | 5291.05 - 5302.85 | [illegible] |
| N Zealand | 3.2290 - 3.2330 | 1.8440 - 1.8465 |
| Saudi Ar. | 6.5150 - 6.5920 | 3.7495 - 3.7505 |
| Singapore | 2.8990 - 2.9060 | 1.6580 - 1.6600 |
| S Af (Cm) | 5.0495 - 5.0610 | 2.8885 - 2.8900 |
| S Af (Fn) | 5.8365 - 5.9355 | 3.3335 - 3.3900 |
| Taiwan | 44.20 - 44.40 | 25.25 - 25.35 |
| U.A.E. | 6.3790 - 6.4560 | 3.6715 - 3.6735 |

*Floating rate. Iran Official rate £117.00 $67.20

### EMS EUROPEAN CURRENCY UNIT RATES

| | Ecu Central Rates | Currency Amounts Against Ecu Apr 21 | % Change from Central Rate | % Spread v Weakest Currency | Divergence Indicator |
|---|---|---|---|---|---|
| Spanish Peseta | 133.631 | 128.582 | -3.78 | 5.20 | 65 |
| Portuguese Escudo | 178.735 | 174.913 | -2.14 | 3.44 | [illegible] |
| Belgian Franc | 42.4032 | 42.1851 | -0.51 | 1.75 | 28 |
| Dutch Guilder | 2.31643 | 2.30840 | -0.35 | 1.58 | 20 |
| D-Mark | 2.05586 | 2.05064 | -0.25 | 1.48 | [illegible] |
| Irish Punt | 0.767417 | 0.768401 | 0.13 | 1.10 | -3 |
| Italian Lira | 1538.24 | 1541.40 | 0.21 | 1.02 | -7 |
| French Franc | 6.89509 | 6.93135 | 0.53 | 0.70 | -25 |
| Sterling | 0.696904 | 0.703472 | 0.94 | 0.38 | -30 |
| Danish Krone | 7.84195 | 7.93801 | 1.22 | 0.00 | -33 |

Ecu central rates set by the European Commission. Currencies are in descending relative strength. Percentage changes are for Ecu, a positive change denotes a weak currency. Divergence shows the ratio between two spreads: the percentage difference between the actual market and Ecu central rates for a currency, and the maximum permitted percentage deviation of the currency's market rate from its Ecu central rate.
Adjustment calculated by Financial Times.

### POUND SPOT - FORWARD AGAINST THE POUND

| Apr 21 | Day's spread | Close | One month | % p.a. | Three months | % p.a. |
|---|---|---|---|---|---|---|
| US | 1.7475 - 1.7510 | 1.7475 - 1.7485 | 1.01-0.99cpm | 6.86 | 2.68-2.65pm | 6.10 |
| Canada | 2.0600 - 2.0675 | 2.0625 - 2.0635 | 0.72-0.67cpm | 4.04 | 1.30-1.23pm | 2.45 |
| Netherlands | 3.2750 - 3.2900 | 3.2800 - 3.2900 | ⅜-¼cpm | 1.14 | 1¼-⅞pm | 1.22 |
| Belgium | 59.80 - 60.10 | 60.00 - 60.10 | 11-6cpm | 1.70 | 15-9pm | 0.80 |
| Denmark | 11.2600 - 11.2950 | 11.2650 - 11.2750 | ⅝-⅛orepm | 0.40 | 2½-1¼pm | 0.64 |
| Ireland | 1.0915 - 1.0940 | 1.0915 - 1.0925 | 0.03-0.01cpm | 0.22 | 0.06-0.01pm | 0.13 |
| Germany | 2.9100 - 2.9200 | 2.9150 - 2.9200 | ¼-⅛pfpm | 0.77 | ½-⅜pm | 0.60 |
| Portugal | 248.00 - 250.00 | 248.00 - 249.00 | 13-5cpm | 0.43 | 47-104dis | -1.22 |
| Spain | 182.40 - 183.00 | 182.65 - 182.95 | 14-25cdis | -1.28 | 79-95dis | -1.90 |
| Italy | 2186.00 - 2191.25 | 2190.25 - 2191.25 | 2-3liredis | -1.37 | [illegible] | -1.64 |
| Norway | 11.3850 - 11.4150 | 11.4000 - 11.4100 | ⅝-⅛orepm | 0.39 | 2-1⅝pm | 0.55 |
| France | 9.8375 - 9.8675 | 9.8525 - 9.8625 | ⅝-⅛cpm | 0.46 | ⅞-⅜pm | 0.28 |
| Sweden | 10.5125 - 10.5475 | 10.5350 - 10.5450 | ⅜-1⅛oredis | -1.07 | 2½-3⅜dis | -1.09 |
| Japan | 234.00 - 235.25 | 234.00 - 235.00 | 1¼-1⅛ypm | 6.08 | 3⅝-3⅜pm | 5.54 |
| Austria | 20.46 - 20.54 | 20.48 - 20.51 | 2⅛-1gropm | 0.91 | 6⅝-4⅝pm | 1.15 |
| Switzerland | 2.7000 - 2.7100 | 2.7000 - 2.7100 | ½-⅜cpm | 1.94 | 1¼-1pm | 1.66 |
| Ecu | 1.4190 - 1.4230 | 1.4215 - 1.4225 | 0.09-0.04cpm | 0.55 | 0.14-0.03pm | 0.24 |

Commercial rates taken towards the end of London trading. Six-month forward dollar 5.08-5.03pm. 12 Month 8.80-8.70pm

### DOLLAR SPOT - FORWARD AGAINST THE DOLLAR

| Apr 21 | Day's spread | Close | One month | % p.a. | Three months | % p.a. |
|---|---|---|---|---|---|---|
| UK† | 1.7475 - 1.7510 | 1.7475 - 1.7485 | 1.01-0.99cpm | 6.86 | 2.68-2.65pm | 6.10 |
| Ireland† | 1.5985 - 1.6045 | 1.5985 - 1.5995 | 0.93-0.90cpm | 6.87 | 2.48-2.41pm | 6.12 |
| Canada | 1.1780 - 1.1820 | 1.1795 - 1.1805 | 0.26-0.29cdis | -2.80 | 0.73-0.79dis | -2.58 |
| Netherlands | 1.8700 - 1.8800 | 1.8785 - 1.8795 | 0.89-0.92cdis | -5.78 | 2.48-2.52dis | -5.32 |
| Belgium | 34.20 - 34.40 | 34.30 - 34.40 | 16.00-17.00cdis | -5.76 | 44.00-47.00dis | -5.30 |
| Denmark | 6.4350 - 6.4675 | 6.4450 - 6.4500 | 3.30-3.60oredis | -6.42 | 9.20-9.80dis | -5.89 |
| Germany | 1.6610 - 1.6695 | 1.6685 - 1.6695 | 0.86-0.87pfdis | -6.22 | 2.33-2.35dis | -5.61 |
| Portugal | 142.05 - 142.30 | 142.15 - 142.25 | 95-105cdis | -8.44 | 265-290dis | -7.81 |
| Spain | 104.20 - 104.70 | 104.40 - 104.50 | 73-74cdis | -8.44 | 215-218dis | -8.29 |
| Italy | 1249.00 - 1253.75 | 1253.00 - 1253.50 | 8.80-9.30liredis | -8.67 | 24.30-25.30dis | -7.92 |
| Norway | 6.5025 - 6.5275 | 6.5225 - 6.5275 | 3.45-3.80oredis | -6.67 | 9.65-10.15dis | -6.07 |
| France | 5.6175 - 5.6450 | 5.6375 - 5.6425 | 2.98-3.03cdis | -6.39 | 8.21-8.31dis | -5.86 |
| Sweden | 6.0050 - 6.0325 | 6.0275 - 6.0325 | 3.90-4.15oredis | -8.01 | 10.75-11.20dis | -7.28 |
| Japan | 133.95 - 134.70 | 134.15 - 134.25 | 0.07-0.08ydis | -0.67 | 0.17-0.19dis | -0.54 |
| Austria | 11.7000 - 11.7300 | 11.7125 - 11.7175 | 5.55-6.00grodis | -5.92 | [illegible] | -5.36 |
| Switzerland | 1.5375 - 1.5485 | 1.5470 - 1.5480 | 0.64-0.67cdis | -5.08 | 1.73-1.77dis | -4.52 |
| Ecu | 1.2295 - 1.2335 | 1.2295 - 1.2305 | 0.66-0.64cpm | 6.34 | 1.80-1.77pm | 5.85 |

Commercial rates taken towards the end of London trading. † UK, Ireland and ECU are quoted in US currency. Forward premiums and discounts apply to the US dollar and not to the individual currency.

### EURO-CURRENCY INTEREST RATES

| Apr 21 | Short term | 7 Days notice | One Month | Three Months | Six Months | One Year |
|---|---|---|---|---|---|---|
| Sterling | 10½ - 10¼ | 10½ - 10¼ | 10½ - 10⅜ | 10½ - 10⅜ | 10½ - 10⅜ | 10⅝ - 10½ |
| US Dollar | 4⅛ - 4⅛ | 4⅛ - 4⅛ | 4⅛ - 4⅛ | 4⅛ - 4⅛ | 4⅝ - 4½ | 5⅛ - 4⅞ |
| Can. Dollar | 6⅞ - 6⅝ | 6⅞ - 6⅝ | 6⅞ - 6⅝ | 6⅞ - 6⅝ | 7 - 6⅞ | 7⅛ - 6⅞ |
| Dutch Guilder | 9⅞ - 9⅜ | 9⅞ - 9⅝ | 9⅞ - 9⅝ | 9⅞ - 9⅝ | 9⅝ - 9⅝ | 9⅝ - 9½ |
| Swiss Franc | 8⅞ - 8⅝ | 8⅞ - 8⅝ | 8⅞ - 8⅝ | 8⅞ - 8⅝ | 8⅞ - 8⅝ | 8¾ - 8⅝ |
| D-Mark | 9⅝ - 9½ | 9⅝ - 9½ | 9⅝ - 9½ | 9⅝ - 9½ | 9⅝ - 9½ | 9⅝ - 9½ |
| French Franc | 9⅝ - 9½ | 9⅞ - 9¾ | 10 - 9⅞ | 10 - 9⅞ | 10 - 9⅞ | 10 - 9⅞ |
| Italian Lira | 12 - 10 | 12⅛ - 11⅞ | 12⅛ - 11⅞ | 12⅛ - 11⅞ | 12⅛ - 11⅞ | 12⅛ - 12 |
| Belgian Franc | 9⅝ - 9½ | 9⅝ - 9½ | 9⅝ - 9½ | 9⅝ - 9½ | 9⅝ - 9½ | 9⅝ - 9½ |
| Yen | 4⅞ - 4⅝ | 4⅞ - 4⅝ | 4⅞ - 4⅝ | 4⅝ - 4½ | 4⅝ - 4½ | 4⅝ - 4½ |
| Danish Krone | 10¼ - 10 | 10¼ - 10 | 10¼ - 10 | 10¼ - 10 | 10¼ - 10 | 10¼ - 10 |
| Asian $Sing | 3⅝ - 3½ | 3⅝ - 3½ | 3⅝ - 3½ | 3⅝ - 3½ | 3⅝ - 3½ | 3⅝ - 3½ |
| Spanish Peseta | 12⅝ - 11⅞ | 12⅝ - 11⅞ | 12⅝ - 12⅛ | 12⅝ - 12⅛ | 12⅝ - 12⅛ | 12⅝ - 12⅛ |

Long term Eurodollars: two years 5⅝-5½ per cent; three years 6⅛-6⅛ per cent; four years 6⅝-6⅝ per cent; five years 7⅛-7⅛ per cent nominal. Short term rates are call for US Dollars and Japanese Yen; others, two days' notice.

### EXCHANGE CROSS RATES

| Apr.21 | £ | $ | DM | Yen | F Fr. | S Fr. | N Fl. | Lira | C$ | B Fr. | Pta | Ecu |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| £ | 1 | 1.748 | 2.917 | 234.5 | 9.857 | 2.705 | 3.288 | 2191 | 2.063 | 60.05 | 182.8 | 1.422 |
| $ | 0.572 | 1 | 1.669 | 134.2 | 5.639 | 1.547 | 1.879 | 1253 | 1.180 | 34.35 | 104.6 | 0.814 |
| DM | 0.343 | 0.599 | 1 | 80.39 | 3.379 | 0.927 | 1.126 | 751.1 | 0.707 | 20.59 | 62.67 | 0.487 |
| YEN | 4.264 | 7.454 | 12.44 | 1000. | 42.03 | 11.54 | 14.01 | 9343 | 8.797 | 256.1 | 779.5 | 6.064 |
| F Fr. | 1.015 | 1.773 | 2.959 | 237.9 | 10. | 2.744 | 3.333 | 2223 | 2.093 | 60.92 | 185.5 | 1.443 |
| S Fr. | 0.370 | 0.646 | 1.078 | 86.69 | 3.644 | 1 | 1.214 | 810.0 | 0.763 | 22.20 | 67.58 | 0.526 |
| N Fl. | 0.304 | 0.532 | 0.888 | 71.39 | 3.001 | 0.823 | 1 | 667.0 | 0.628 | 18.28 | 55.65 | 0.433 |
| Lira | 0.456 | 0.798 | 1.331 | 107.0 | 4.499 | 1.235 | 1.499 | 1000. | 0.942 | 27.41 | 83.43 | 0.649 |
| C$ | 0.485 | 0.847 | 1.414 | 113.7 | 4.778 | 1.311 | 1.592 | 1062 | 1 | 29.11 | 88.61 | 0.689 |
| B Fr. | 1.665 | 2.911 | 4.858 | 390.5 | 16.41 | 4.505 | 5.470 | 3649 | 3.435 | 100 | 304.4 | 2.368 |
| Pta | 0.547 | 0.956 | 1.596 | 128.3 | 5.392 | 1.480 | 1.797 | 1199 | 1.129 | 32.85 | 100. | 0.778 |
| Ecu | 0.703 | 1.229 | 2.051 | 164.9 | 6.932 | 1.902 | 2.310 | 1541 | 1.451 | 42.23 | 128.6 | 1. |

Yen per 1,000: French Fr. per 10: Lira per 1,000: Belgian Fr. per 100: Peseta per 100.

## FINANCIAL FUTURES AND OPTIONS

LIFFE LONG GILT FUTURES OPTIONS; LIFFE US TREASURY BOND FUTURES OPTIONS; LIFFE BUND FUTURES OPTIONS; LIFFE EUROMARK OPTIONS; LIFFE ITALIAN GOVT. BOND (BTP) FUTURES OPTIONS; LIFFE SHORT STERLING OPTIONS; LONDON (LIFFE); CHICAGO; PARIS

[illegible]

### POUND - DOLLAR

FT FOREIGN EXCHANGE RATES

| Spot | 1-mth. | 3-mth. | 6-mth. | 12-mth. |
|---|---|---|---|---|
| 1.7480 | 1.7380 | 1.7214 | 1.6974 | 1.6605 |

### OPTION ON LONG-TERM FRENCH BOND (MATIF)

| Strike | Calls June | Calls September | Calls December | Puts June | Puts September | Puts December |
|---|---|---|---|---|---|---|
| 105 | - | - | - | 0.01 | 0.14 | - |
| 106 | - | - | - | 0.03 | - | - |
| 107 | 1.24 | - | 2.17 | 0.12 | 0.49 | - |
| 108 | 0.50 | 1.16 | 1.57 | 0.40 | 0.85 | 1.12 |
| 109 | 0.14 | 0.72 | 1.11 | 1.05 | - | - |
| 110 | 0.03 | 0.39 | - | - | - | - |
| 111 | - | 0.20 | - | - | - | - |
| Open Int. | 128,107 | 36,280 | 7,076 | 99,070 | 23,121 | 8,583 |

Estimated volume 25,074 Total Open Interest 302,244

## BASE LENDING RATES

| | % | | % | | % |
|---|---|---|---|---|---|
| Adam & Company | 10.5 | Credit Lyonnais | 10.5 | McDonnell Douglas Bnk. | 10.5 |
| Allied Trust Bank | 10.5 | Cyprus Popular Bk | 10.5 | Midland Bank | 10.5 |
| AIB Bank | 10.5 | Duncan Lawrie | 10.5 | Mount Banking | 10.5 |
| ● Henry Ansbacher | 10.5 | Equatorial Bank plc | 10.5 | NatWestminster | 10.5 |
| B & C Merchant Bank | 10.5 | Exeter Bank Limited | 11 | Northern Bank Ltd | 10.5 |
| Bank of Baroda | 10.5 | Financial & Gen. Bank | 11 | Nykredit Mortgage Bank | 11 |
| Banco Bilbao Vizcaya | 10.5 | First National Bank Plc | 14 | Provincial Bank PLC | 14 |
| Bank of Cyprus | 10.5 | ● Robert Fleming & Co. | 10.5 | Roxburghe Bank Ltd. | 11.5 |
| Bank of Ireland | 10.5 | Robert Fraser & Ptnrs. | 11 | Royal Bk of Scotland | 10.5 |
| Bank of India | 10.5 | Girobank | 10.5 | ● Smith & Williamson Secs. | 10.5 |
| Bank of Scotland | 10.5 | ● Guinness Mahon | 10.5 | Standard Chartered | 10.5 |
| Banque Belge Ltd | 10.5 | ● Hambros Bank | 10.5 | TSB | 10.5 |
| Barclays Bank | 10.5 | Hampshire Trust Plc | 13.5 | Unibank plc | 10.5 |
| Benchmark Bank | 11 | Heritable & Gen Inv Bnk. | 10.5 | ● United Bk of Kuwait | 10.5 |
| Brit Bk of Mid East | 10.5 | ● Hill Samuel | 10.5 | Unity Trust Bank Plc | 10.5 |
| ● Brown Shipley | 10.5 | C. Hoare & Co. | 10.5 | Western Trust | 10.5 |
| CL Bank Nederland | 10.5 | Hongkong & Shanghai | 10.5 | Westpac Bank Corp. | 10.5 |
| Citibank NA | 10.5 | Julian Hodge Bank | 10.5 | Whiteaway Laidlaw | 10.5 |
| City Merchants Bank | 10.5 | ● Leopold Joseph & Sons | 10.5 | Yorkshire Bank | 10.5 |
| Clydesdale Bank | 10.5 | Lloyds Bank | 10.5 | | |
| Co-operative Bank | 10.5 | Meghraj Bank Ltd | 10.5 | | |
| Coutts & Co | 10.5 | | | | |

● Members of British Merchant Banking & Securities Houses Association.

## MONEY MARKETS

# Markets slumber

THE MONEY markets languished in a post-bank holiday mood yesterday scarcely moving in exceptionally thin levels of trading.

"It is very difficult to get people motivated," said one dealer. "We need a jump lead to get the dealers back on track."

The June sterling contract traded just over 9,000 lots during the day in a four tick range, "barely giving a living to the jobbers," as one analyst put it.

Yesterday's low volumes contrasted sharply with the frenzied activity after the election when around 9,000 lots were moving easily in the first half hour of trading.

"I think there has also been a realisation that we are at or around fair value in the cash and futures markets," said Mr Nick Parsons of the Canadian Imperial Bank of Commerce, explaining the lethargy in the market.

The contract hovered around 89.78 after opening at 89.76.

Rates at the long end firmed slightly as expectations for base rate cuts receded.

Recent economic data has suggested that inflation is proving more stubborn than expected.

"The producer prices index, the retail prices index and average earnings have all shown that inflation hasn't been clubbed to death," said one analyst.

With the political imperative to cut rates removed and much talk of an Easter "boomlet" as shoppers took to the high streets, base rates of 10.5 per cent look likely to be around for some time yet.

One year money firmed slightly to 10$\frac{5}{16}$-$\frac{3}{16}$ per cent from Thursday's close of 10¼-⅛ per cent. The key three-month interbank rate remained steady at 10½-⅜.

The overnight rate moved up during the day, touching 11-10¾ per cent at one stage, as the Bank of England revised its initial forecast liquidity shortage from flat, to £500m in the late afternoon.

The Bank did not operate in the morning, but late assistance of £270m took its days operations to £361m.

Earlier in the afternoon, the Bank bought £91m of Band-1 bank bills at 10⅜ per cent. The overnight rate closed at 10⅝-⅜.

In Germany, call money rates were steady to slightly firmer at 9.60/70 per cent compared with 9.60/65 on Thursday. Traders said reserves were holding up well.

**UK clearing bank base lending rate 10.5 per cent from September 4, 1991**

### FT LONDON INTERBANK FIXING

| (11.00 a.m. Apr.21) 3 months US dollars | | 6 months US Dollars | |
|---|---|---|---|
| bid 4⅛ | offer 4¼ | bid 4$\frac{5}{16}$ | offer 4$\frac{7}{16}$ |

The fixing rates are the arithmetic means rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted to the market by five reference banks at 11.00 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque National de Paris and Morgan Guaranty Trust.

### MONEY RATES

**NEW YORK** — Treasury Bills and Bonds

| Lunchtime | | | | | |
|---|---|---|---|---|---|
| Prime rate | 6½ | One month | 3.48 | Three year | 5.92 |
| Broker loan rate | 6 | Two month | 3.68 | Five year | 6.87 |
| Fed funds | 3⅞ | Three month | 3.78 | Seven year | 7.24 |
| Fed funds at intervention | - | Six month | 3.99 | 10-year | 7.55 |
| | | One year | 4.30 | 30-year | 8.01 |
| | | Two year | 5.39 | | |

| Apr 21 | Overnight | One Month | Two Months | Three Months | Six Months | Lombard Intervention |
|---|---|---|---|---|---|---|
| Frankfurt | 9.60-9.70 | 9.60-9.70 | 9.60-9.70 | 9.60-9.70 | 9.55-9.70 | 9.75 |
| Paris | 9¾-9⅞ | 9⅞-10 | 9⅞-10 | 9⅞-10 | 9⅞-10 | 9.60 |
| Zurich | 6⅞-7⅛ | 8¼-8⅜ | - | 8¼-8⅜ | - | - |
| Amsterdam | 9.25-9.40 | 9.32-9.37 | - | 9.33-9.41 | - | - |
| Tokyo | 4⅞-4¾ | 4⅝-4$\frac{11}{32}$ | - | - | - | - |
| Milan | 12¼-12½ | 12⅛-12¼ | - | 12⅛-12¼ | - | - |
| Brussels | 9¼-9⅛ | 9⅜-9½ | - | 9$\frac{7}{16}$-9$\frac{9}{16}$ | - | - |
| Dublin | 10⅛-10¼ | 10$\frac{7}{16}$-10$\frac{9}{16}$ | 10⅜-10½ | 10⅜-10½ | 10$\frac{11}{16}$-10$\frac{13}{16}$ | - |

### LONDON MONEY RATES

| Apr 21 | Overnight | 7 days notice | One Month | Three Months | Six Months | One Year |
|---|---|---|---|---|---|---|
| Interbank Offer | 12¼ | 10⅝ | 10⅝ | 10½ | 10⅜ | 10¼ |
| Interbank Bid | 9½ | 10¼ | 10⅜ | 10¼ | 10¼ | 10 |
| Sterling CDs | – | – | 10$\frac{7}{16}$ | 10$\frac{7}{16}$ | 10$\frac{5}{16}$ | 10$\frac{3}{16}$ |
| Local Authority Deps. | 10⅜ | 10⅜ | 10$\frac{7}{16}$ | 10⅜ | 10$\frac{5}{16}$ | 10¼ |
| Local Authority Bonds | – | – | – | – | – | – |
| Discount Mkt Deps | 10 | 10$\frac{11}{32}$ | – | – | – | – |
| Company Deposits | – | – | 10$\frac{7}{16}$ | 10⅝ | 10$\frac{5}{16}$ | 10¼ |
| Finance House Deposits | – | – | 10½ | 10⅜ | 10$\frac{5}{16}$ | 10¼ |
| Treasury Bills (Buy) | – | – | 10⅛ | 9⅞ | 9⅞ | – |
| Bank Bills (Buy) | – | – | 10$\frac{5}{16}$ | 10 | 9$\frac{15}{16}$ | – |
| Fine Trade Bills (Buy) | – | – | – | – | – | – |
| Dollar CDs | – | – | 4.10 | 4.13 | 4.27 | 4.77 |
| SDR Linked Dep. Offer | – | – | 6½ | 6⅝ | 6⅝ | 6¾ |
| SDR Linked Dep. Bid | – | – | 6⅜ | 6½ | 6½ | 6⅝ |
| ECU Linked Dep. Offer | – | – | 9⅞ | 10$\frac{1}{16}$ | 10⅛ | 10⅛ |
| ECU Linked Dep. Bid | – | – | 9¾ | 9$\frac{15}{16}$ | 10 | 10 |

Treasury Bills (sell): one-month 10 per cent; three months 9⅝ per cent; six months 9⅞ per cent; Bank Bills (sell): one-month 10$\frac{3}{16}$ per cent; three months 9$\frac{15}{16}$ per cent. Treasury Bills; Average tender rate of discount 9.7461 p.c. ECGD Fixed Rate Sterling Export Finance. Make up day March 31, 1992. Agreed rates for period Apr 26, 1992 to May 25, 1992, Scheme I: 11.77 p.c., Schemes II & III: 11.84 p.c. Reference rate for period Feb 29, 1992 to March 31, 1992, Scheme IV&V 10.643 p.c. Local Authority and Finance Houses seven days' notice, others seven days' fixed. Finance Houses Base Rate 11 from April 1, 1992: Bank Deposit Rates for sums at seven days notice 4 per cent. Certificates of Tax Deposit (Series 6), Deposit £100,000 and over held under one month 7 per cent; one-three months 9¼ per cent; three-six months 9 per cent; six-nine months 9 per cent; nine-twelve months 9 per cent; Under £100,000 7 per cent from Sept 5, 1991. Deposits withdrawn for cash 5 per cent.

## MONEY MARKET FUNDS

### Money Market Trust Funds

[illegible]

### Money Market Bank Accounts

[illegible]

## CROSSWORD

No.7,829 Set by ADAMANT

**ACROSS**

1 Mad to get knocked out on drugs (5-7)
10 Symbols of power from Algeria (7)
11 Have in mind the classic way for eggs (7)
12 Look among the soldiers for fruit (5)
13 The football team holds a promissory note? It's not true! (8)
15 Another run at a gang with an enormous appetite (10)
16 Frozen fish left inside (4)
18 Wrongly sent home (4)
20 Keep quiet about the nine ill casualties for a long time (10)
22 Recent transition to the fourteenth century (8)
24 No taxi would come back for the author (5)
26 Great at organising the main contest (7)
27 To lambast is counter-productive (7)
28 Stargazers have seen me wither away (5,4,3)

**DOWN**

2 Like clockwork soldier (7)
3 Car loan included on a monthly account (8)
4 Attend put up game (4)
5 Can be taken to mean there was no earlier invitation (10)
6 At no time born to upset the minister (5)
7 First class blood spilt at the game (7)
8 A succession of first issues (13)
9 The patient approach (7,6)
14 Taking off for journey with refreshments in Kent, for example (10)
17 Turned up the feature (4,4)
19 Cunning old Bob left the crew (7)
21 The smell of the masses can be irritating (7)
23 Go in before absorbing the book collection (5)
25 A case of pins and needles (4)

Solution to Puzzle No.7,828

POTATO SEARCHES / EQUITY OCCUPANT / NILE MUMPS WELL / NEVERTHELESS / UNIMAGINABLE / AIRY BRASH ATOP / NEGATIVE ICICLE / HACIENDA UNLESS

# WORLD STOCK MARKETS

**AUSTRIA**

| April 21 | Sch | + or – |
|---|---|---|
| Austrian Airlines | 2,370 | –25 |
| Creditanstalt Pf | 530 | –1 |
| EA General | 3,600 | –10 |
| EVN | 848 | +1 |
| Jungbunzlauer | 13,700 | –320 |
| OeMV | 916 | –3 |
| Perlmooser Zement | 1,645 | .... |
| Radex Heraklith | 578 | –4 |
| Reininghaus Brue | 1,630 | –19 |
| Steyr Daimler | 229 | –1 |
| Veitscher Magnesit | 359 | .... |
| Verbund (Br) A | 530 | .... |
| Wienerberger | 4,700 | –30 |
| Z-Laenderbank | 1,052 | .... |

**BELGIUM/LUXEMBOURG**

| April 21 | Frs. | + or – |
|---|---|---|
| ACEC-Union Min | 2,150 | –50 |
| AG Group | 2,010 | –20 |
| Arbed | 3,840 | –130 |
| BBL | 3,445 | .... |
| Bank Intl a Lux | 11,925 | .... |
| Banq Gen Lux Pts | 12,300 | .... |
| Barco | 1,218 | .... |
| Bekaert | 12,450 | +50 |
| CBR Ciment | 8,110 | +10 |
| Cobepa | 5,080 | +10 |
| Cobepa AFV 1 | 4,980 | +10 |
| Cockerill Priv | 150 | –3 |
| Colruyt | 4,755 | +35 |
| Delhaize Frs Lion | 9,430 | –20 |
| Electrabel | 4,915 | .... |
| Electrabel AFV | 4,880 | –10 |
| Electrafina ACT | 2,535 | –10 |
| GBL | 3,200 | –5 |
| GBL AFV 1 | 3,150 | .... |
| GIB Group | 1,372 | –8 |
| GIB Group AFV | 1,318 | –2 |
| Gechem | 339 | +4 |
| Gechem AFV | 342 | –22 |
| Generale Banque | 6,490 | +20 |
| Gen Banque AFV1 | 6,450 | +20 |

**FRANCE (continued)**

| April 21 | Frs. | + or – |
|---|---|---|
| Bongrain | 2,865 | –38 |
| Bouygues | 627 | –8 |
| CGIP | 1,238 | +18 |
| C M B Packaging | 189 | –1 |
| Canal+ | 1,130 | +9 |
| Cap Gemini S | 327.90 | –2.10 |
| Carrefour | 2,675 | +14 |
| Casino | 166.10 | –0.80 |
| Cetelem | 812 | –13 |
| Chargeurs | 1,150 | –10 |
| Club Mediterranee | 525 | –3 |
| Coflexip | 344 | +3.90 |
| Coparex | 605 | .... |
| C C F | 185.50 | –0.50 |
| Cr Fonc France | 995 | +15 |
| Cred Lyon (CI) | 653 | –1 |
| Credit Nationale | 1,087 | –8 |
| Damart | 2,871 | –29 |
| Docks de France | 425 | +2.10 |
| Dollfus Mieg Cie | 302 | –6 |
| EBF | 890 | –10 |
| Eaux Cie Genl | 2,324 | –6 |
| Ecco | 463.50 | –1.50 |
| Elf-Aquitaine | 384.90 | +5.20 |
| Elf-Aquitaine Certs | 268 | +4 |
| Essilor Int | 449.80 | +1.80 |
| Etex | 2,045 | –49 |
| Eurafrance | 1,550 | –33 |
| Eurocom | 610 | –10 |
| Euro Disney | 130.90 | –1.10 |
| Exor | 1,443xd | .... |
| Finextel | 120.50 | –1.50 |
| Fonc Lyonnaise | 690 | +20 |
| From Cet Auv | 3,050 | –50 |
| GTM-Entrepose | 410 | –2 |
| Gal. Lafayette | 2,125 | +45 |
| Gaumont (Soc N) | 602 | .... |
| Geophysique | 672 | .... |
| Hachette | 152 | +4 |
| Havas | 497.20 | –7.80 |
| Imetal | 342 | –2.90 |
| Imm de France | 879 | +24 |
| Immobanque | 663 | –1 |

**TOKYO - Most Active Stocks**

Tuesday 21 April 1992

| | Stocks Traded | Closing Prices | Change on day | | Stocks Traded | Closing Prices | Change on day |
|---|---|---|---|---|---|---|---|
| TEAC | 4.5 | 980 | –98 | Toshiba | 1.9 | 612 | –8 |
| Morinaga Milk | 3.8 | 728 | +9 | Meiji Milk Prod | 1.9 | 725 | –3 |
| Hitachi | 2.4 | 623 | 0 | Nippon Steel | 1.9 | 298 | –2 |
| Chiyoda | 2.0 | 1,320 | +20 | Mitsubishi Heavy | 1.6 | 566 | 0 |
| Sanyo Electric | 2.0 | 422 | –14 | Suzuki Motor | 1.6 | 660 | +11 |

3:00 pm prices April 21

# NEW YORK STOCK EXCHANGE COMPOSITE PRICES

| 1992 High | Low | Stock | Div. | Yld. % | P/E | Sls 100s | High | Low | Close Quote | Ch'ge Prev. Close |
|---|---|---|---|---|---|---|---|---|---|---|
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |

- A -

- B -

- C -

- D -

- E -

- F -

- G -

- H -

- I -

- J -

- K -

- L -

- M -

- N -

- O -

- P - Q -

- R -

Continued on next page

# NYSE COMPOSITE PRICES

Continued from previous page

[illegible]

- X - Y - Z -

| 1992 High | Low | Stock | Div. | Yld. % | P/E | Sls 100s | High | Low | Close | Ch'ge |
|---|---|---|---|---|---|---|---|---|---|---|
| 82 3/8 | 66 1/2 | Xerox | 3.00 | 4.0 | 19 | 1120 | 78 | 75 | 75 | -1/2 |
| 53 1/2 | 50 1/8 | Xerox4.125 | | | | 17 | 52 3/4 | 52 | 52 3/4 | |
| 28 1/2 | 24 3/4 | Xtra 1.94 | 1.94 | 7.1 | | 6 | 28 3/4 | 26 3/4 | 27 1/4 | |
| 37 | 28 1/2 | Xtra Corp | 0.80 | 2.3 | 14 | 365 | 34 7/8 | 34 3/8 | 34 1/2 | -3/8 |
| 27 | 25 1/4 | Yankee Egy | 1.60 | 6.1 | 12 | z100 | 26 1/8 | 26 1/8 | 26 1/8 | |
| 1 1/2 | 1/2 | Zapata | | | 34 | 91 | 1 1/8 | 1 1/8 | 1 1/8 | +1/8 |
| 11 1/8 | 7 1/8 | ZenithElec | | | | 4 201 | 8 | 7 7/8 | 7 7/8 | -1/8 |
| 17 1/8 | 14 1/8 | Zenith Nat | 1.00 | 6.2 | 7 | 62 | 16 | 15 3/4 | 16 | +1/8 |
| 8 7/8 | 6 | Zenix Inc x | 0.85 | 12.6 | | 105 | u6 7/8 | 6 3/4 | 6 3/4 | |
| 13 1/8 | 11 1/8 | Zero Corp | 0.40 | 3.4 | 18 | 15 | 12 | 11 7/8 | 11 7/8 | -1/8 |
| 36 | 32 5/8 | Zurn Ind | 0.88 | 2.6 | 15 | 84 | 35 | 34 1/2 | 34 1/2 | -3/8 |
| 14 1/8 | 12 3/8 | Zweig Fund | 1.16 | 8.9 | | 232 | 13 1/8 | 13 | 13 | -1/8 |
| 11 | 9 7/8 | Zweig Totl x | 1.00 | 9.7 | | 622 | 10 1/2 | 10 3/8 | 10 3/8 | |

*Price data supplied by Telekurs.*

Yearly highs and lows reflect the period from Jan 1, excluding the latest trading day. Where a split or stock dividend amounting to 25 percent or more has been paid, the year's high-only range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividend are annual disbursements based on the latest declaration. Sales figures are unofficial.

a-dividend also xtra(s). b-annual rate of dividend plus stock dividend. c-liquidating dividend. cld-called. d-new yearly low. e-dividend declared or paid in preceding 12 months. g-dividend in Canadian funds, subject to 15% non-residence tax. i-dividend declared after split-up or stock dividend. j-dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k-dividend declared or paid this year, an accumulative issue with dividends in arrears. n-new issue in the past 52 weeks. The high-low range begins with the start of trading. nd-next day delivery. P/E price-earnings ratio. r-dividend declared or paid in preceding 12 months, plus stock dividend. s-stock split. Dividends begin with date of split. sls-sales. t-dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u-new yearly high. v-trading halted. vi-in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd-distributed. wi-when issued. ww-with warrants. x-ex-dividend or ex-rights. xdis-ex-distribution. xw-without warrants. y-ex-dividend and sales in full. yld-yield. z-sales in full.

# AMEX COMPOSITE PRICES

3:00 pm prices April 21

[illegible]

# NASDAQ NATIONAL MARKET

3:00 pm prices April 21

[illegible]

- X - Y - Z -

| Stock | Div. | P/E | Sls 100s | High | Low | Last | Chng |
|---|---|---|---|---|---|---|---|
| Xilinx | | 28 | 2728 | 25 1/2 | 24 1/4 | 25 | +3/8 |
| Xoma Corp | | 7 | 10237 | 13 1/2 | d12 3/4 | 12 7/8 | -1/4 |
| Yellow Fr | 0.94 | 30 | 286 | 28 7/8 | 28 1/2 | 28 5/8 | -1/4 |
| York Rsch | | 41 | 966 | 5 1/8 | 4 7/8 | 5 | |
| ZionsUtah | 1.44 | 10 | 101 | 52 | 50 1/2 | 50 1/2 | -1 1/4 |

AMERICA

# Quarterly results put focus on banks

## Wall Street

SHARE prices moved in a narrow range yesterday morning as first quarter corporate earnings dominated sentiment in a market unsure about which direction to take next, *writes Patrick Harverson in New York.*

By 1 pm the Dow Jones Industrial Average was down 5.14 at 3,331.17, having spent the morning session only a few points either side of opening values. The more broadly based Standard & Poor's 500 was down 1.04 to 409.12 at mid-session, while the Nasdaq composite index of over-the-counter stocks eased slightly, falling 4.98 to 610.77. Turnover on the NYSE was 12.4m shares by midsession.

Monday's declines had been triggered by a sharp rise in bond yields and concern that the previous week's big gains (the Dow rose more than 100 points in just five days), spurred by positive corporate earnings, might have been overdone. With bond yields holding their own yesterday, and no fresh economic news, trading was therefore relatively subdued throughout the morning session.

The banks sector was the feature of the day as a host of banking groups reported first quarter earnings. Citicorp led the way, firming $¾ to $17⅞ in turnover of 1.4m shares after reporting profits of $183m in the first three months of the year, almost double what it made a year ago.

Banc One rose $⅜ to $43⅛ on news of record profits of $179m, compared to $130m a year earlier. Mellon Bank added $¼ at $41¼ after reporting a 26 per cent improvement in first quarter profits to $86m.

The best performer was Wells Fargo, the west coast banking group, which jumped $7⅜ to $74 despite announcing lower profits at $2.09 a share for the quarter.

Time Warner rose $1⅛ to $104 after the media and entertainment group reported first quarter net income of $3m, an improvement on the sizeable loss incurred at the same stage a year earlier.

Tenneco fell $¾ to $40¾ in active trading after the oil and mining group paid out $50m to settle a shareholder lawsuit.

Storage Technology plummeted $11⅜ to $44⅞ in turnover of 1m shares on disappointing first quarter profits of 30 cents a share, down from the 36 cents a share the company reported a year earlier.

On the over-the-counter market, Seagate Technology rose $⅝ to $15⅛ on news of fiscal third quarter profits of 59 cents a share, up from 38 cents a share a year ago.

MIPS Computer plunged $2⅛, or 20 per cent, to $8⅜ as it recorded a first quarter loss of 51 cents a share, down from a modest profit at the same stage a year earlier.

Synopsys was also lower, down $1⅛ at $27⅛ after reporting fiscal second quarter earnings of 11 cents a share, which were above the results of a year ago but below market expectations.

## Canada

SPECULATION that Olympia & York might be forced into bankruptcy weighed on Toronto stocks in slow midday trade.

The TSE 300 fell 21.2 to 3,377.7. Declines led advances by 220 to 139 in volume of 10.8m shares valued at C$123.2m. An O & Y spokesman said that the company must arrange new financing of about C$300m to meet payments due over the next 90 days.

Bank shares lost ground. Canadian Imperial Bank of Commerce fell C$¾ to C$27⅞ and National Bank slipped C$⅛ to C$8⅝.

EUROPE

# Holiday mood lingers on continental bourses

BOURSES re-opened for business after the Easter break but trading was uneventful, *writes Our Markets Staff.*

FRANKFURT had a quiet day, as the DAX index closed down 2.73 at 1,746.50, while the FAZ index, calculated at mid-session, gained 0.32 to 711.48. Turnover fell to DM3.8bn from DM5.1bn last Thursday.

The market is waiting for the March money supply figures this week and commentators are hoping for signs of a slowing in monetary growth. However, the expectations are that the Bundesbank will be unable to cut interest rates until the fourth quarter. The result of strike ballots among public service workers is also expected before the weekend.

Lufthansa was unchanged at DM153.50 in spite of a statement by Mr Jürgen Weber, the chairman, at the weekend in which he said that first quarter results were likely to be poor.

The airline refused to comment on a report in a German magazine which said that the airline had lost DM400m in the first three months. Mr Weber said that the 3 per cent reduction in costs should be seen as the first step in a cost-cutting programme, but that further cuts would not affect services.

**FT-SE Eurotrack 100 - Apr 21**

Hourly changes

| Open | 10 am | 11 am | 12 pm | 1 pm | 2 pm | 3 pm | close |
|---|---|---|---|---|---|---|---|
| 1165.56 | 1165.80 | 1166.34 | 1167.22 | 1166.78 | 1166.54 | 1166.20 | 1166.73 |

Day's High 1167.30 Day's Low 1165.53

| Apr 16 | Apr 15 | Apr 14 | Apr 13 | Apr 10 |
|---|---|---|---|---|
| 1169.83 | 1167.06 | 1157.52 | 1153.23 | 1155.74 |

Base value 1000 (26/10/90)

Veba moved ahead DM1.90 to DM392.50 after reporting on Saturday that its petrochemical division had shown a 29 per cent improvement in 1991 group net profit.

Hoesch was DM4 weaker at DM248 on last week's news that the cartel office had approved its merger with Krupp, while the latter gained DM2.40 to DM137.90.

PARIS was lifted late in the day by a rumour of an interest rate cut which started in the options market. The CAC-40 index closed 2.15 higher at 1,980.36, having reached a low of 1,963.67 in the morning. Volume was thin at FFr1.8bn.

Euro Disney was the day's most active share, falling FFr1.10 to FFr130.90 with 751,700 shares traded. The stock continues to suffer from bad press in the UK.

Eurotunnel rose 65 centimes to FFr38.20 after the company denied reports that it would announce a rights issue with its 1991 results on Friday.

Printemps rose FFr12 to FFr815 in relatively heavy volume of 78,000 shares.

MILAN closed lower in thin trading as operators had little desire to do business. The Comit index fell 1.21 to 506.33 in turnover estimated at around L50bn after Friday's L55.9bn.

A slight gain by Generali at its official close failed to boost the market. The stock closed L65 higher at L29,595 but then lost nearly L150 after hours.

Among Friday's block trades, disclosed yesterday, were 1.2m shares in Sirti and 388,000 shares in the publisher, Mondadori. Its ordinary shares rose L130 or 1.5 per cent to L8,650 on speculation of a public offer by Mr Silvio Berlusconi's Fininvest for the outstanding shares. Mondadori's free float is estimated at less than 10 per cent.

AMSTERDAM had a slow day, with the CBS Tendency index losing 0.3 to 126.2. Turnover was modest at Fl 483.1m.

Daf was active on reports that it had won an order from the Dutch government to supply military vehicles and that the British truck market was improving. The shares closed 80 cents firmer at Fl 23.70, lifted by UK and US interest.

Nedlloyd improved 30 cents to Fl 55.20 ahead of today's 1991 results. Analysts expect the group to return to profit.

DSM gained Fl 1.30 to Fl 107.80 with some switching out of Akzo being noted. The latter was down 60 cents at Fl149.70.

BRUSSELS closed mixed in thin trading, as the Bel-20 Index eased just 0.74 to 1,195.43. Petrofina closed unchanged at BFr10,650 on volume of 10,360 shares. The steel maker Arbed closed down BFr130 or 3.3 per cent at BFr3,840 after losing 5 per cent in early trade. Dealers said they expected Arbed's 1991 net profit – due next week – to fall 75 per cent.

ZURICH fell in low volume as many investors remained on holiday. The SMI index closed down 10.8 to 1,860.5.

Nestlé bearers lost SFr70 to SFr9,570 while Ciba-Geigy bearers declined SFr20 to SFr3,460.

MADRID lost ground, as the general index eased 0.59 to 252.84. Telefónica lost Pta20 to Pta1,090 while Tabacalera fell Pta70 to Pta6,260.

ISTANBUL partially reversed Monday's losses thanks to strong first quarter results of two companies, Kepez and Otosan. The index rose 43.3 to 3,939.87.

STOCKHOLM drifted lower in extremely thin trading. The Affärsvärlden general index fell 6.6 to 982.6 in turnover of just SKr239m.

OSLO's all-share index rose 3.34 to 423.52 in trading worth NKr155.16m.

COPENHAGEN saw Bang & Olufsen fell DKr36 to DKr349 on news that the hi-fi company had changed its 1991/92 forecast to a loss from a small profit.

## SOUTH AFRICA

JOHANNESBURG closed softer after drifting for most of the day. The overall index lost 6 to 3,346 and the industrial index was down 15 at 4,173. The gold index eased 1 to 1,018. Kersaf was unchanged at R39.50 with 130,000 shares traded.

# Political uncertainty fuels swings in the market

**John Pitt** on recent trading patterns across Europe

European markets showed a slight overall increase in volume last month, but this rise was due almost entirely to the UK and Switzerland. Together with Belgium, these were the only markets to advance in March.

Italy had the steepest decline in turnover, a 33 per cent fall from February. As with the UK, the market was hampered by nerves ahead of the country's general election. Political commentators forecast, correctly, that the ruling four-party coalition would suffer defeat, creating more uncertainty as a new government was pieced together.

However, Mr James Cornish of County NatWest notes that volume in Italian shares traded on Seaq International in London rose 36 per cent in March.

Switzerland saw a rise in volume as foreign investors were attracted by the liberalisation of share ownership. The new code comes into force on July 1 but already a number of companies have announced that they will abolish participation certificates. Activity was also stimulated by good first-quarter results, particularly from the banks and Brown Boveri.

The decision by the Conservative government in the UK to call a general election may not have taken the market by surprise, but early opinion polls indicating a possible victory by the Labour party had a marked effect on activity.

Unlike Italy, where volume was depressed, the UK saw a 10 per cent rise as institutions switched stocks and bought into companies which they believed might benefit from a change in the governing party.

Power utilities, which had been privatised during the 13 years of Tory government, came into focus as some investors feared that Labour would renationalise them. Property issues were also active on fears that a Labour victory would lead to higher interest rates.

But with most opinion polls showing the two leading parties running virtually neck-and-neck and the prospect of a coalition government looming there was as much verve as nerve in the market.

Politics also played a part in France, where volume picked up later in the month after President François Mitterrand forced the resignation of Mrs Edith Cresson as prime minister. The market was pleased with the appointment of Mr Pierre Bérégovoy, the former finance minister.

● A stronger performance on Wall Street, boosted by some good first-quarter results, helped calm the recent volatility in Japan and lifted markets worldwide. Only South Africa showed a small decline on the week, largely because of a fall in the gold price.

Denmark rose but on small turnover, as an increase in shipping rates lifted that sector. Mexico's performance continued to improve as more foreign investors turn to the market. In Hong Kong the release of information on the inner reserves of the leading banks pushed the market up.

**EUROPEAN EQUITIES TURNOVER**
**Monthly total in local currencies (bn)**

| Bourse | Dec 1991 | Jan 1992 | Feb 1992 | Mar 1992 | US $bn |
|---|---|---|---|---|---|
| Belgium | 32.30 | 55.85 | 46.72 | 48.28 | 1.42 |
| France | 111.06 | 141.18 | 116.18 | 108.97 | 19.52 |
| Germany | 66.00 | 134.30 | 126.20 | 126.68 | 76.96 |
| Italy | 6,342.00 | 9,665.20 | 8,948.80 | 5,944.80 | 4.79 |
| Netherlands | 9.81 | 16.10 | 14.10 | 11.60 | 6.26 |
| Spain | 671.36 | 637.26 | 667.83 | 607.26 | 5.84 |
| Switzerland | 7.70 | 13.20 | 10.90 | 11.88 | 7.91 |
| UK | 26.44 | 36.40 | 29.61 | 32.59 | 56.57 |

*Volumes represent purchases and sales.*
*Italian data adjusted to include off-market trading. Some figures may be revised.*
*Source: County NatWest WoodMac.*

**MARKETS IN PERSPECTIVE**

| | % change in local currency † 1 Week | 4 Weeks | 1 Year | Start of 1992 | % change sterling † Start of 1992 | % change in US $ † Start of 1992 |
|---|---|---|---|---|---|---|
| Austria | +2.28 | -3.95 | -21.55 | +10.21 | +7.34 | +0.16 |
| Belgium | +1.45 | -0.78 | -4.26 | +4.11 | +1.70 | -5.09 |
| Denmark | +3.06 | -1.52 | -4.32 | -5.17 | -7.03 | -13.24 |
| Finland | +1.86 | -6.27 | -29.82 | +5.33 | +3.59 | -3.33 |
| France | +0.37 | +2.71 | +9.14 | +12.15 | +10.41 | +3.03 |
| Germany | +0.69 | +0.69 | +3.29 | +10.89 | +8.01 | +0.80 |
| Ireland | +0.74 | +1.21 | -6.64 | +3.48 | +1.69 | -5.11 |
| Italy | +1.73 | -0.47 | -13.28 | +25.32 | +33.20 | -8.21 |
| Netherlands | +2.33 | +2.31 | +5.54 | +9.94 | +7.20 | +0.04 |
| Norway | +2.57 | -2.28 | -15.51 | +2.93 | +0.76 | -5.98 |
| Spain | +0.86 | -2.57 | -8.09 | +2.99 | +2.07 | -4.74 |
| Sweden | +1.13 | -2.24 | -1.96 | +10.39 | +8.73 | +1.47 |
| Switzerland | +1.59 | +1.24 | +10.17 | +11.28 | +4.61 | -2.38 |
| UK | +2.87 | +7.57 | +3.29 | +6.67 | +6.67 | -0.45 |
| EUROPE | +1.87 | +3.54 | +2.19 | +7.85 | +6.31 | -0.79 |
| Australia | +0.21 | +0.62 | +5.94 | -4.36 | +3.46 | -3.43 |
| Hong Kong | +3.43 | +1.39 | +39.16 | +19.29 | +28.54 | +19.95 |
| Japan | +2.98 | -8.94 | -33.96 | +2.46 | +0.50 | -28.48 |
| Malaysia | +0.52 | -5.16 | -7.14 | -23.34 | -23.37 | +8.90 |
| New Zealand | +1.61 | -2.69 | -5.88 | -8.40 | -1.42 | -8.00 |
| Singapore | +2.59 | -1.20 | -4.26 | -5.40 | -0.93 | -7.54 |
| Canada | +1.26 | -0.90 | -4.43 | -2.21 | +2.58 | -4.30 |
| USA | +2.82 | +0.83 | +7.01 | -0.32 | +6.81 | -0.32 |
| Mexico | +8.34 | +3.43 | +99.95 | +2.06 | +16.69 | +24.30 |
| South Africa | -1.28 | -5.61 | +12.87 | -3.06 | -1.74 | -8.30 |
| WORLD INDEX | +2.50 | -1.17 | -7.80 | -5.13 | -2.43 | -8.94 |

† Based on April 17th 1992. Copyright, The Financial Times Limited, Goldman, Sachs & Co., and County NatWest Securities

ASIA PACIFIC

# Nikkei below 17,000 in low volume

## Tokyo

ARBITRAGE-LINKED selling drove shares lower yesterday, leaving the Nikkei average closing below 17,000 for the first time since April 9, *writes Emiko Terazono in Tokyo.*

The average lost 284.03 at 16,787.33, after a day's high of 17,124.55 and low of 16,682.86. Monday's fall on Wall Street also depressed sentiment. Volume picked up modestly from 200m shares to 250m. Falls outscored rises by 712 to 240, with 162 issues unaltered. The Topix index of all first section shares slipped 12.49 to 1,280.20, but in London the ISE/Nikkei 50 index edged up 0.35 to 1,039.06.

Trading remained dominated by index-linked activity, as the fall in the futures markets prompted arbitrageurs to unwind positions. Small-lot selling of stocks bought on margin six months ago added to the decline.

Traders said buy orders placed at lower levels by some pension funds and life assurers failed to lift sentiment. Mr Masami Okuma at UBS Phillips & Drew said domestic investors were hoping that foreigners would return now that the Easter break was over.

Bio-technology issues, which were actively traded on margin last October, lost ground on margin unwinding by individuals. But some short-term traders sought speculative stocks, Morinaga Milk gaining Y9 to Y726 and Okamoto Industries Y40 to Y1,130.

Bank shares were lower, with Industrial Bank of Japan down Y60 to Y1,670 and Fuji Bank off Y50 at Y1,260. Most analysts believe that asset-backed stocks need to fall further before investors regain confidence in them.

Industrial blue chips were firm. Sony put on Y30 to Y4,150. Mr Barry Dargan, electrical analyst at James Capel, said international blue chips looked cheap by international valuation standards.

Department stores fell on prospects of lower earnings, after sharp drops in March department store sales for the Tokyo and Osaka districts were announced. Mitsukoshi shed Y42 to Y832 on reports of expected losses for the financial year to February. Tokyu Department Store fell Y43 to a low for the year of Y540.

In Osaka, the OSE average declined 216.45 to 19,213.53 in volume of 10m shares. Institutional investors and some foreigners were seen bargain hunting, but overall activity remained subdued.

## Roundup

WEAKNESS in Tokyo and on Wall Street weighed on the Pacific Rim yesterday. Indian brokers continued to boycott trading in Bombay.

AUSTRALIA ended slightly lower in thin trading, the All Ordinaries index losing 2.0 at 1,588.0 in turnover of A$136.4m.

Among the bright spots, QBE, A$6.20, and Lend Lease, A$15.40, gained 20 cents apiece after their joint purchase of Australian Eagle Insurance. BTR Nylex rose 7 cents to A$2.61 after Westinghouse Brake and Signal advised shareholders to accept its offer.

BANGKOK closed at an eight-month low as protests against the appointment of an unelected prime minister intensified. The SET index fell 23.75 or 2.9 per cent to 785.09.

NEW ZEALAND recovered from a weak start, the NZSE index finishing 0.85 up at 1,411.54 in turnover of NZ$15.6m. The listing of Australian Consolidated Press was not well received. No shares were traded in its first day on the exchange.

HONG KONG ended below the day's best after cautious trading. The Hang Seng index gained a net 10.40 at 5,093.09 and turnover contracted to HK$2.45bn from HK$3.17bn.

HSBC Holdings came under selling pressure, and brokers noted some switching from HSBC into Hang Seng Bank and Bank of East Asia.

MANILA lost ground on concern about threats by army rebels to attempt a fresh coup ahead of the May 11 elections. The composite index receded 4.68 to 1,171.54 in combined turnover of 191.9m pesos, after a previous 172.2m pesos.

**FT-ACTUARIES WORLD INDICES**

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood Mackenzie in conjunction with the Institute of Actuaries and the Faculty of Actuaries

| NATIONAL AND REGIONAL MARKETS Figures in parentheses show number of lines of stock | MONDAY APRIL 20 1992 US Dollar Index | Day's Change % | Pound Sterling Index | Yen Index | DM Index | Local Currency Index | Local % chg on day | Gross Div. Yield | FRIDAY APRIL 17 1992 US Dollar Index | Pound Sterling Index | Yen Index | DM Index | Local Currency Index | DOLLAR INDEX 1992 High | 1992 Low | Year ago (approx) |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Australia (69) | 145.78 | +0.1 | 124.11 | 123.86 | 126.88 | 126.28 | +0.0 | 4.37 | 145.67 | 123.69 | 123.33 | 126.38 | 126.28 | 153.68 | 140.94 | 140.56 |
| Austria (19) | 166.80 | +0.0 | 142.00 | 141.72 | 145.17 | 144.60 | +0.0 | 2.01 | 166.80 | 141.64 | 141.23 | 144.72 | 144.60 | 186.70 | 162.62 | 196.73 |
| Belgium (46) | 136.77 | -0.2 | 116.44 | 116.19 | 119.03 | 115.81 | +0.0 | 5.24 | 136.99 | 116.32 | 115.97 | 118.85 | 115.81 | 145.19 | 135.87 | 135.92 |
| Canada (115) | 129.88 | -0.4 | 110.57 | 110.34 | 113.03 | 110.95 | -0.6 | 3.31 | 130.44 | 110.76 | 110.43 | 113.17 | 111.62 | 142.12 | 125.75 | 137.16 |
| Denmark (35) | 231.14 | -0.3 | 196.78 | 196.39 | 201.17 | 203.56 | +0.0 | 1.82 | 231.77 | 196.81 | 196.23 | 201.09 | 203.56 | 273.94 | 226.81 | 233.86 |
| Finland (15) | 74.56 | -1.1 | 63.48 | 63.35 | 64.89 | 71.32 | +0.0 | 2.05 | 75.42 | 64.04 | 63.86 | 65.44 | 71.32 | 89.80 | 73.64 | 113.97 |
| France (106) | 154.58 | -0.3 | 131.60 | 131.33 | 134.52 | 137.16 | +0.0 | 3.38 | 155.00 | 131.62 | 131.23 | 134.47 | 137.16 | 159.16 | 148.06 | 131.06 |
| Germany (65) | 117.90 | -0.3 | 100.37 | 100.18 | 102.61 | 102.61 | +0.0 | 2.25 | 118.27 | 100.42 | 100.14 | 102.61 | 102.61 | 122.84 | 114.67 | 105.71 |
| Hong Kong (55) | 211.46 | +0.0 | 180.02 | 179.66 | 184.04 | 210.11 | +0.0 | 3.85 | 211.55 | 179.63 | 179.11 | 183.55 | 210.11 | 211.55 | 176.36 | 146.53 |
| Ireland (16) | 158.70 | -0.3 | 135.10 | 134.83 | 138.11 | 140.02 | +0.0 | 3.68 | 159.24 | 135.22 | 134.82 | 138.16 | 140.02 | 173.71 | 151.78 | 156.70 |
| Italy (78) | 70.54 | -0.2 | 60.05 | 59.93 | 61.39 | 66.26 | +0.0 | 3.48 | 70.71 | 60.04 | 59.86 | 61.34 | 66.26 | 80.86 | 68.92 | 78.57 |
| Japan (473) | 94.66 | -2.5 | 80.59 | 80.43 | 82.40 | 80.43 | -2.2 | 1.06 | 97.14 | 82.48 | 82.24 | 84.29 | 82.24 | 140.95 | 88.70 | 137.34 |
| Malaysia (68) | 231.36 | -0.8 | 196.96 | 196.56 | 201.35 | 227.39 | -0.7 | 2.83 | 233.24 | 198.05 | 197.47 | 202.36 | 229.07 | 250.18 | 212.49 | 235.39 |
| Mexico (18) | 1730.95 | +0.1 | 1473.61 | 1470.66 | 1506.46 | 5796.82 | +0.0 | 1.04 | 1729.26 | 1468.37 | 1464.09 | 1500.31 | 5796.82 | 1789.77 | 1376.91 | 899.27 |
| Netherland (25) | 152.23 | -0.3 | 129.60 | 129.34 | 132.49 | 130.93 | +0.0 | 4.25 | 152.74 | 129.69 | 129.31 | 132.52 | 130.93 | 156.48 | 147.88 | 135.32 |
| New Zealand (14) | 43.25 | +0.1 | 36.82 | 36.74 | 37.64 | 42.29 | +0.0 | 6.52 | 43.22 | 36.70 | 36.59 | 37.50 | 42.29 | 48.52 | 42.01 | 48.94 |
| Norway (23) | 167.65 | -0.3 | 142.72 | 142.44 | 145.91 | 148.99 | +0.0 | 1.72 | 168.10 | 142.74 | 142.32 | 145.85 | 148.99 | 192.95 | 161.26 | 186.81 |
| Singapore (38) | 202.44 | -0.3 | 172.34 | 172.00 | 176.18 | 155.09 | +0.0 | 2.10 | 203.11 | 172.46 | 171.96 | 176.21 | 155.14 | 228.43 | 192.76 | 202.75 |
| South Africa (61) | 228.23 | +0.0 | 194.30 | 193.91 | 198.63 | 167.70 | +0.0 | 3.03 | 228.23 | 193.80 | 193.23 | 198.01 | 167.70 | 263.60 | 203.16 | 203.15 |
| Spain (50) | 149.28 | +0.2 | 127.08 | 126.83 | 129.92 | 118.69 | +0.6 | 5.07 | 148.99 | 126.51 | 126.15 | 129.26 | 118.01 | 160.47 | 146.86 | 153.21 |
| Sweden (25) | 183.08 | -0.4 | 155.88 | 155.55 | 159.34 | 164.08 | +0.0 | 2.76 | 183.80 | 156.07 | 155.62 | 159.47 | 164.09 | 190.37 | 173.09 | 175.03 |
| Switzerland (60) | 97.76 | -0.2 | 83.22 | 83.06 | 85.09 | 93.82 | +0.0 | 2.28 | 97.98 | 83.20 | 82.96 | 85.02 | 93.82 | 104.22 | 85.99 | 91.14 |
| United Kingdom (228) | 184.02 | -0.3 | 156.66 | 156.33 | 160.14 | 156.66 | +0.0 | 4.74 | 184.49 | 156.66 | 156.19 | 160.05 | 156.66 | 186.29 | 165.85 | 169.71 |
| USA (523) | 166.93 | -1.4 | 142.12 | 141.84 | 145.29 | 166.93 | -1.4 | 2.96 | 169.33 | 143.79 | 143.37 | 146.92 | 169.33 | 171.66 | 160.92 | 154.48 |
| Europe (791) | 146.16 | -0.2 | 124.43 | 124.18 | 127.21 | 126.71 | +0.0 | 3.87 | 146.52 | 124.42 | 124.05 | 127.13 | 126.68 | 150.58 | 139.31 | 135.74 |
| Nordic (98) | 171.34 | -0.3 | 145.87 | 145.58 | 149.12 | 146.91 | +0.0 | 2.21 | 171.94 | 146.00 | 145.57 | 149.17 | 146.91 | 188.52 | 169.66 | 173.28 |
| Pacific Basin (717) | 100.48 | -2.2 | 85.55 | 85.38 | 87.45 | 85.72 | -1.9 | 1.47 | 102.74 | 87.24 | 86.99 | 89.14 | 87.39 | 141.97 | 94.40 | 137.51 |
| Euro – Pacific (1508) | 118.94 | -1.3 | 101.26 | 101.05 | 103.51 | 102.60 | -1.0 | 2.64 | 120.45 | 102.28 | 101.98 | 104.50 | 103.60 | 145.21 | 113.80 | 137.12 |
| North America (638) | 164.60 | -1.4 | 140.13 | 139.86 | 143.27 | 163.12 | -1.4 | 2.97 | 166.88 | 141.71 | 141.31 | 144.81 | 165.41 | 169.69 | 158.70 | 153.33 |
| Europe Ex. UK (563) | 123.51 | -0.2 | 105.15 | 104.96 | 107.52 | 109.38 | +0.0 | 3.21 | 123.81 | 105.13 | 104.85 | 107.44 | 109.34 | 129.79 | 121.81 | 115.22 |
| Pacific Ex. Japan (244) | 157.81 | -0.1 | 134.35 | 134.10 | 137.36 | 139.99 | -0.1 | 3.89 | 157.98 | 134.15 | 133.78 | 137.08 | 140.12 | 158.33 | 149.00 | 138.50 |
| World Ex. US (1702) | 121.59 | -1.2 | 103.52 | 103.32 | 105.83 | 104.91 | -0.9 | 2.66 | 123.05 | 104.48 | 104.19 | 106.76 | 105.89 | 146.91 | 116.45 | 138.22 |
| World Ex. UK (1997) | 131.43 | -1.4 | 111.89 | 111.68 | 114.40 | 120.73 | -1.3 | 2.53 | 133.31 | 113.20 | 112.88 | 115.68 | 122.29 | 150.58 | 127.21 | 140.05 |
| World Ex. So. Af. (2164) | 135.37 | -1.3 | 115.24 | 115.02 | 117.82 | 123.69 | -1.1 | 2.78 | 137.15 | 116.45 | 116.13 | 119.00 | 125.12 | 153.05 | 130.04 | 142.31 |
| World Ex. Japan (1752) | 158.99 | -0.9 | 135.35 | 135.10 | 138.39 | 149.17 | -0.8 | 3.32 | 160.40 | 136.20 | 135.82 | 139.18 | 150.35 | 161.90 | 153.20 | 146.86 |
| The World Index (2225) | 135.97 | -1.3 | 115.75 | 115.53 | 118.34 | 124.08 | -1.1 | 2.78 | 137.73 | 116.95 | 116.62 | 119.50 | 125.50 | 153.70 | 130.66 | 142.68 |

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